

Claverley Holdings Limited

Report and Financial Statements

Period Ended

29 December 2018

Company Number 08114933

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Claverley Holdings Limited

Company Information

Directors	E Alan Graham P S Meier T W Graham Edward A Graham A B Graham S A Graham
Company secretary	G W Evers
Registered number	08114933
Registered office	51-53 Queen Street Wolverhampton West Midlands WV1 1ES
Independent auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Lloyds Banking Group PLC 125 Colmore Row Birmingham B3 3SF

Claverley Holdings Limited

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Claverley Holdings Limited

Strategic Report For the Period Ended 29 December 2018

The directors present their strategic report together with the audited financial statements for the period ended 29 December 2018.

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 magazine publishing, digital media and design, commercial printing, IT systems and services and print management and procurement services.

Group business review

During the year, two new businesses were acquired as part of a strategy to reduce the reliance of the group on its traditional market of newspaper publishing. Kennedy Enterprises Limited, a leading children's magazine publisher was acquired on 31st March 2018. Cubiquity Limited, a print management and procurement service business and its wholly owned subsidiary BigKid Limited, a multi-media design agency were acquired on 15th August 2018. Both businesses have integrated well into the group and have performed well in the year.

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 faced a challenging year with increases in raw materials including a 12% increase in the price of paper which saw some publications cease and others reduce pagination, frequency or print runs. The business continued to focus on process improvements and efficiency and will continue to target waste and downtime in 2019.

The IT systems and services business continued to grow its recurring revenue streams with long term contract renewals and significant new contract wins in the year for Knowledge Publish and Knowledge Prospect in the newspaper sector and for Knowledge Publish in the magazine sector. The company faces a busy year ahead with further implementations planned throughout the year.

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 part of its bank debt as detailed in the Directors Report.

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 29 December 2018

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 29 December 2018 £000	52 weeks ended 30 December 2017 £000
Revenue	102,836	87,711
Operating profit before exceptional items, depreciation, amortisation and impairment	7,899	8,549
Capital expenditure on tangible fixed assets	1,523	1,946

This report was approved by the board on 18 April 2019 and signed on its behalf.



.....
T W Graham
Director

Claverley Holdings Limited

Directors' Report For the Period Ended 29 December 2018

The directors present their report and the financial statements for the period ended 29 December 2018.

Results and dividends

The Consolidated Income Statement is set out on page 10 and shows the loss of £2,155,000 (30 December 2017 - £780,000) for the period.

No dividend has been paid or proposed in the period (30 December 2017 - £Nil). The directors do not propose the payment of a final dividend.

Directors

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

G W Evers (Chairman) (resigned 27 April 2018)
E Alan Graham
P S Meier
C D Brims (resigned 27 April 2018)
P B Woodman (resigned 27 April 2018)
R M Cross (resigned 27 April 2018)
P A Inman (resigned 27 April 2018)
T W Graham
Edward A Graham
J C Averty (resigned 27 April 2018)
D G F Thompson (resigned 27 April 2018)
A B Graham (appointed 1 May 2018)
S A Graham (appointed 27 April 2018)

Future developments

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

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 £3.0m (31 December 2016 - £1.5m) that was renewed in April 2019. In September 2018 the group repaid its previous fixed term loan with Lloyds Bank and entered into a new 5 year fixed term loan of £7.25m with Lloyds Bank until September 2023. 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 2019.

The Channel Island operations are financed by facilities provided by HSBC including an overdraft facility of £0.5m (30 December 2017 - £0.5m) due for renewal in July 2019. The group also has two term loans; the first is for £0.5m (30 December 2017 - £1.4m) until June 2019. The second loan is for £0.6m (30 December 2017 - £0.8m) until May 2022.

The group reduces its exposure to interest rate risks by hedging 50% of its first HSBC term loan debt through fixed to floating swap agreements, the fair value of which is not 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.

Claverley Holdings Limited

Directors' Report (continued) For the Period Ended 29 December 2018

Financial instruments (continued)

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.

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.

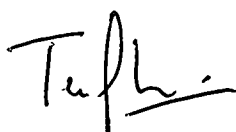
Post balance sheet events

Since the balance sheet date the Group anticipate to exercise its option to acquire the remaining 20% of Kennedy Enterprises Limited on 18 April 2019; it is now a 100% owned subsidiary of Claverley Group Limited.

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 18 April 2019 and signed on its behalf.



T W Graham
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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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

Opinion

We have audited the financial statements of Claverley Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the period ended 29 December 2018 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 29 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Claverley Holdings Limited

Independent Auditor's Report to the Members of Claverley Holdings Limited (continued)

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

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 in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Claverley Holdings Limited

Independent Auditor's Report to the Members of Claverley Holdings Limited (continued)

Use of our report

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.

BDO UK

Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

18 APRIL 2019

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 29 December 2018

		52 weeks ended 29 December 2018 £'000 Before exceptional items, depreciation, amortisation and impairment	52 weeks ended 29 December 2018 £'000 Exceptional items, depreciation, amortisation and impairment	52 weeks ended 29 December 2018 £'000 Total	52 weeks ended 30 December 2017 £'000 Before exceptional items, depreciation, amortisation and impairment	52 weeks ended 30 December 2017 £'000 Exceptional items, depreciation, amortisation and impairment	52 weeks ended 30 December 2017 £'000 Total
	Note						
Turnover	4	102,836	-	102,836	87,711	-	87,711
Net operating expenses		(94,937)	(9,297)	(104,234)	(79,162)	(7,724)	(86,886)
Operating (loss)/profit	6	7,899	(9,297)	(1,398)	8,549	(7,724)	825
Interest receivable and similar income	10	50	-	50	51	-	51
Interest payable and similar expenses	11	(524)	-	(524)	(425)	-	(425)
Other finance costs	12	(313)	-	(313)	(960)	-	(960)
Loss before tax		7,112	(9,297)	(2,185)	7,215	(7,724)	(509)
Tax on loss	13	30	-	30	(271)	-	(271)
Loss for the financial period		7,142	(9,297)	(2,155)	6,944	(7,724)	(780)

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Comprehensive Income For the Period Ended 29 December 2018

		52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
	Note		
Loss for the financial period		(2,155)	(780)
Other comprehensive income			
Actuarial (loss)/gain on defined benefit schemes	31	(17,028)	20,670
Movement on deferred tax relating to pension (gains)		3,173	(2,652)
Other comprehensive income for the period		(13,855)	18,018
Total comprehensive income for the period		(16,010)	17,238
(Loss) for the period attributable to:			
Non-controlling interest		-	3
Owners of the parent Company		(2,155)	(783)
		(2,155)	(780)
Total comprehensive income attributable to:			
Non-controlling interest		-	3
Owners of the parent Company		(16,010)	17,235
		(16,010)	17,238

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

Registered number: 08114933

Consolidated Statement of Financial Position As at 29 December 2018

		29 December 2018 £'000	30 December 2017 £'000
	Note		
Fixed assets			
Intangible assets	14	26,317	14,597
Tangible assets	15	26,919	29,481
Investments	17	150	150
Investment property	16	2,552	2,552
		<u>55,938</u>	<u>46,780</u>
Current assets			
Stocks	18	5,019	3,216
Debtors: amounts falling due after more than one year	19	7,645	4,382
Debtors: amounts falling due within one year	19	22,217	16,915
Cash at bank and in hand	20	5,214	4,796
		<u>40,095</u>	<u>29,309</u>
Creditors: amounts falling due within one year	21	(28,090)	(16,472)
Net current assets		<u>12,005</u>	<u>12,837</u>
Total assets less current liabilities		<u>67,943</u>	<u>59,617</u>
Creditors: amounts falling due after more than one year	22	(15,866)	(8,120)
Provisions for liabilities			
Other provisions	26	(1,316)	(1,342)
		<u>(1,316)</u>	<u>(1,342)</u>
Net assets excluding pension liability		<u>50,761</u>	<u>50,155</u>
Pension liability	31	(31,036)	(14,420)
Net assets		<u><u>19,725</u></u>	<u><u>35,735</u></u>

Claverley Holdings Limited

Registered number: 08114933

Consolidated Statement of Financial Position (continued) As at 29 December 2018

		29 December 2018 £000	30 December 2017 £000
	Note		
Capital and reserves			
Called up share capital	28	945	945
Profit and loss account	27	18,780	34,790
Equity attributable to owners of the parent Company		<u>19,725</u>	<u>35,735</u>
		<u>19,725</u>	<u>35,735</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 April 2019.



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T W Graham
Director

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

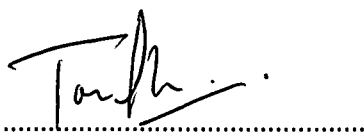
Registered number: 08114933

Company Statement of Financial Position As at 29 December 2018

		29 December 2018 £'000	30 December 2017 £'000
	Note		
Fixed assets			
Investments	17	35,677	35,677
		<u>35,677</u>	<u>35,677</u>
Total assets less current liabilities		35,677	35,677
Creditors: amounts falling due after more than one year	22	(11,996)	(11,996)
Net assets excluding pension liability		<u>23,681</u>	<u>23,681</u>
Net assets		<u>23,681</u>	<u>23,681</u>
Capital and reserves			
Called up share capital	28	945	945
Profit and loss account	27	22,736	22,736
		<u>23,681</u>	<u>23,681</u>

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 profit after tax of the parent company for the period was £Nil (30 December 2017 - £33,039,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 April 2019.



T W Graham
Director

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Changes in Equity For the Period Ended 29 December 2018

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 31 December 2017	945	34,790	35,735
Comprehensive income for the period			
Loss for the period	-	(2,155)	(2,155)
Actuarial gains on pension scheme net of deferred tax	-	(13,855)	(13,855)
Other comprehensive income for the period	-	(13,855)	(13,855)
Total comprehensive income for the period	-	(16,010)	(16,010)
At 29 December 2018	945	18,780	19,725

Consolidated Statement of Changes in Equity For the Period Ended 30 December 2017

	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 1 January 2017	945	17,555	18,500	221	18,721
Comprehensive income for the period					
Loss for the period	-	(783)	(783)	3	(780)
Actuarial gains on pension scheme net of deferred tax	-	18,018	18,018	-	18,018
Other comprehensive income for the period	-	18,018	18,018	-	18,018
Total comprehensive income for the period	-	17,235	17,235	3	17,238
Change in non controlling interest holding	-	-	-	(224)	(224)
Total transactions with owners	-	-	-	(224)	(224)
At 30 December 2017	945	34,790	35,735	-	35,735

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

Company Statement of Changes in Equity For the Period Ended 29 December 2018

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 31 December 2017	945	22,736	23,681
	-	-	-
Total comprehensive profit for the period			
At 29 December 2018	945	22,736	23,681

Company Statement of Changes in Equity For the Period Ended 30 December 2017

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 1 January 2017	945	(10,303)	(9,358)
Comprehensive loss for the period			
Profit for the period	-	33,039	33,039
	-	33,039	33,039
Total comprehensive loss for the period			
At 30 December 2017	945	22,736	23,681

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Cash Flows For the Period Ended 29 December 2018

	29 December 2018 £000	30 December 2017 £000
Cash flows from operating activities		
Loss for the financial period	(2,155)	(780)
Adjustments for:		
Amortisation of intangible assets	3,752	2,691
Depreciation of tangible assets	4,077	3,684
Loss/(profit) on disposal of tangible assets	61	(148)
Interest paid	524	425
Interest received	(50)	(51)
Taxation charge	(30)	271
(Increase) in stocks	(433)	(425)
Decrease in debtors	3,633	213
(Decrease) in creditors	(1,186)	(714)
(Decrease) in provisions	(26)	(88)
(Decrease) in employer pension contribution in excess of current and past service cost	(412)	(2,080)
Net fair value losses recognised in P&L	-	430
Corporation tax (paid)	(118)	(1,757)
Net cash generated from operating activities	7,637	1,671
Cash flows from investing activities		
Purchase of intangible fixed assets	(125)	(363)
Purchase of tangible fixed assets	(777)	(1,946)
Sale of tangible fixed assets	(52)	165
Sale of investment properties	-	163
Purchase of fixed asset investments (net of cash acquired)	(12,553)	(210)
Interest received	33	33
Net cash from investing activities	(13,474)	(2,158)

Claverley Holdings Limited

Consolidated Statement of Cash Flows (continued) For the Period Ended 29 December 2018

	29 December 2018 £000	30 December 2017 £000
Cash flows from financing activities		
New secured loans	7,250	7,000
Repayment of loans	(8,281)	(4,989)
Increase in invoice discounting facility	5,090	-
Interest paid	(476)	(370)
Acquisition of share in non controlling interest	-	(224)
Net cash used in financing activities	3,583	1,417
Net (decrease)/increase in cash and cash equivalents	(2,254)	930
Cash and cash equivalents at beginning of period	2,639	1,709
Cash and cash equivalents at the end of period	385	2,639
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	5,214	4,796
Bank overdrafts	(4,829)	(2,157)
	385	2,639

The notes on pages 18 to 55 form part of these financial statements.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

1. General information

Claverley Holdings Limited is a private company incorporated in England under the Companies Act 2006. 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; and
- 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 29 December 2018

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.

Publishing and printing – Creative, digital and design revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. Revenue is recognised when the company obtains the right to consideration in exchange for its performance as the contract progresses.

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 29 December 2018

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

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 the expected project life 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.

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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

2. Accounting policies (continued)

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.

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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

2. Accounting policies (continued)

2.11 Valuation of investments

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

Investments in unlisted company shares, which have been classified as fixed asset investments as the group intends to hold them on a continuing basis, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

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 29 December 2018

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Financial liabilities

Financial liabilities comprise bank overdrafts, bank loans, trade creditors, other creditors, invoice discounting, accruals 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 Invoice discounting

Trade debtors are subject to a financing agreement whereby an advance is received based upon and secured against trade receivables. Where the company has retained significant rights and risks relating to the financed debts, separate presentation is adopted where the gross debts and a corresponding liability in respect of the advance received are shown separately on the Statement of Financial Position. The interest element of the finance charges is recognised as it accrues and is included in the Consolidated Statement of Comprehensive Income within other interest charges. The movement on the advances under debt factoring balance is shown within financing activities in the consolidated statement of cash flows.

2.16 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.

2.17 Interest income

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

2.18 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 29 December 2018

2. Accounting policies (continued)

2.19 Pension

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 29 December 2018

2. Accounting policies (continued)

2.19 Pensions (continued)

Defined benefit pension plan (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.

2.20 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.

2.21 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.

2.22 Borrowing costs

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

2.23 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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

2. Accounting policies (continued)

2.24 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.

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. Defined benefit pension scheme liability

The financial statements include a net defined benefit pension scheme liability of £31,036,000 (30 December 2017 - £14,420,000), comprising assets of £275,790,000 (30 December 2017 - £297,130,000) and liabilities of £305,990,000 (30 December 2017 - £310,940,000). These liabilities represent the costs expected to be incurred in making payments to current and past employees who are members of the scheme.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

3. Judgements in applying accounting policies (continued)

A. Defined benefit pension scheme liability (continued)

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 30.

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.

B. 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.

C. 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.

D. 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.

E. Carrying value of intangible assets

The capitalisation of development costs are subject to an element of judgement in respect of the viability of new products, supported by forecasts of future expected sales to its current and expected customer base. The overall value and timing of these sales as well as other future factors could impact the assumptions made. The carrying value of the intangible assets are tested for impairment where there is an indication that the value of the assets might not be realised or impaired. When carrying out impairment tests these would be based on future cash flow forecasts and these forecasts would include management estimates for sales pricing and volumes reflecting past experience coupled with expected market opportunities on new products.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

4. Turnover

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

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Publishing and printing	100,861	85,871
Technology	1,975	1,840
	102,836	87,711

Analysis of turnover by country of destination:

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
United Kingdom	83,593	69,247
Rest of Europe	18,426	18,302
Rest of the world	817	162
	102,836	87,711

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

5. Net operating expenses

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Staff costs (note 8)	35,228	37,310
Raw materials and consumables	42,588	29,509
Other operating charges	17,121	12,343
Depreciation of tangible fixed assets	4,077	3,684
Amortisation of intangible fixed assets	3,752	2,691
Exceptional items	1,468	1,349
	104,234	86,886

Exceptional items of £1,468,000 (30 December 2017 - £1,349,000) relate to severance payments of £1,468,000 (30 December 2017 - £919,000) and an impairment of £Nil (30 December 2017 - £430,000). Exceptional items, depreciation, amortisation and impairment total £9,297,000 (30 December 2017 - £7,724,000).

6. Operating (loss)/profit

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

	52 weeks ended 29 December 2018 £000	52 weeks ended 30 December 2017 £000
Loss/(profit) on disposal of fixed assets	61	(148)
Operating lease costs	1,458	1,255
Defined contribution pension cost	1,881	1,964
Defined benefit pension cost/(credit)	1,527	(700)

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

7. Auditor's remuneration

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	12	11
	<u>12</u>	<u>11</u>
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	92	74
Other services relating to taxation	49	137
All other services	211	64
	<u>352</u>	<u>275</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

8. Employees

Staff costs (including directors) were as follows:

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000	Company ended 29 December 2018 £'000	Company ended 30 December 2017 £'000
Wages and salaries	30,537	32,396	155	-
Social security costs	2,543	2,590	19	-
Cost of defined benefit scheme	267	360	-	-
Cost of defined contribution scheme	1,881	1,964	-	-
	35,228	37,310	174	-

In addition to the above, exceptional severance costs of £1,468,000 (30 December 2017 - £919,000) were incurred, see note 5.

The results for the current period also include a past service defined benefit pension cost of £1,260,000 in respect of GMP equalisation. In the prior year there was a past service defined benefit pension credit of £1,060,000 in respect of a pension increase exchange exercise.

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

	52 weeks ended 29 December 2018 No.	52 weeks ended 30 December 2017 No.
Publishing and printing	861	830
Technology	34	39
Administration	17	15
	912	884

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

9. Directors' remuneration

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Directors' emoluments	962	1,398
Company contributions to money purchase pension schemes	66	96
	1,028	1,494

There were no directors in the group's defined benefit pension scheme (30 December 2017 - Nil). There were 4 directors in the group's defined contribution pension scheme (30 December 2017 - 4) during the period. Contributions were paid to an external pension scheme during the period on behalf of 1 director (30 December 2017 - 1).

The total amount payable to the highest paid director in respect of emoluments was £220,755 (30 December 2017 - £423,741). Company pension contributions of £Nil (30 December 2017 - £Nil) were made to a defined contribution scheme on their behalf.

10. Interest receivable

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Bank deposits	50	51
	50	51

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

11. Interest payable and similar expenses

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Bank interest and overdraft interest payable	490	351
Amortisation of loan arrangement fee	34	74
	<u>524</u>	<u>425</u>

12. Other finance costs

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Net interest on net defined benefit liability	(313)	(960)
	<u>(313)</u>	<u>(960)</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

13. Taxation

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Corporation tax		
Current tax on profits for the year	9	-
Adjustments in respect of previous periods	25	-
	<u>34</u>	<u>-</u>
Foreign tax		
Foreign tax on income for the year	26	24
	<u>26</u>	<u>24</u>
Total current tax	<u>60</u>	<u>24</u>
Deferred tax		
Origination and reversal of timing differences	(76)	215
Adjustments in respect of previous periods	(14)	32
	<u>(90)</u>	<u>247</u>
Taxation on (loss)/profit on ordinary activities	<u>(30)</u>	<u>271</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

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 19% (2017 - 19.25%). The differences are explained below:

	52 weeks ended 29 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Loss on ordinary activities before tax	(2,185)	(509)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(415)	(98)
Effects of:		
Expenses not deductible for tax purposes	655	313
Adjustments in respect of prior periods	11	32
Effect of change in tax rate	372	(378)
Exempt income not chargeable to tax	(157)	(22)
Deferred tax not recognised	(2)	(7)
Differences between UK and overseas tax rate	(121)	71
Defined benefit pension adjustment	(373)	360
Total tax charge for the period	(30)	271

Factors that may affect future tax charges

The summer budget on 15 July 2016 announced a reduction in the main rate of corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. The Finance Act 2017, enacted on 15 September 2017 further reduces the company's main rate of corporation tax to 17% for years commencing 1 April 2020. This will reduce the company's future current tax accordingly. Deferred tax has been calculated at 17%.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

14. Intangible assets

Group and Company

	Development costs £'000	Mastheads £'000	Goodwill £000	Total £'000
Cost				
At 31 December 2017	3,316	51,327	76	54,719
Additions	125	-	15,347	15,472
At 29 December 2018	3,441	51,327	15,423	70,191
Amortisation				
At 31 December 2017	1,226	38,888	8	40,122
Charge for the year	288	2,541	923	3,752
At 29 December 2018	1,514	41,429	931	43,874
Net book value				
At 29 December 2018	1,927	9,898	14,492	26,317
At 30 December 2017	2,090	12,439	68	14,597

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

15. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 31 December 2017	27,225	95,456	7,567	130,248
Additions	-	1,300	223	1,523
Disposals	-	(1,109)	(39)	(1,148)
At 29 December 2018	27,225	95,647	7,751	130,623
Depreciation				
At 31 December 2017	12,026	81,969	6,772	100,767
Charge for the period	318	3,551	208	4,077
Disposals	-	(1,101)	(39)	(1,140)
At 29 December 2018	12,344	84,419	6,941	103,704
Net book value				
At 29 December 2018	14,881	11,228	810	26,919
At 30 December 2017	15,199	13,487	795	29,481

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

	29 December 2018 £'000	30 December 2017 £'000
Short leasehold	10	14
Freehold	14,871	15,185
	14,881	15,199

There were no capital commitments for the group or company at the end of the current or prior period.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

16. Investment property

Group

	Freehold investment property £'000
Valuation	
At 30 December 2017	2,552
At 29 December 2018	2,552

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:

	29 December 2018 £'000	30 December 2017 £'000
Historic cost	1,537	1,537
Accumulated depreciation and impairments	(521)	(493)
	1,016	1,044

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

17. Fixed asset investments

Group

	Other fixed asset investments £000
Valuation	
At 30 December 2017 and 29 December 2018	580
Impairment	
At 30 December 2017 and 29 December 2018	430
Net book value	
At 30 December 2017 and 29 December 2018	150

Company

	Investments in subsidiary companies £000
Cost	
At 30 December 2017 and 29 December 2018	35,677

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

17. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Guiton Group Limited	Holding company	Ordinary	100%
Press Computer Systems Limited	Marketing of computer systems	Ordinary	100%
Precision Colour Printing Limited	Commercial printers	Ordinary	100%
Roughton Insurances Limited	Insurance	Ordinary	100%
Jersey Evening Post Limited	Newspaper publishers	Ordinary	100%
CI Newsagents Limited	Retail	Ordinary	100%
Guernsey Press Company Limited	Newspaper publishers	Ordinary	100%
Guiton Publishing Limited	Holding company	Ordinary	100%
Guiton Trustees Limited	Trustees	Ordinary	100%
Guernsey Distribution Limited	Newspaper and magazine distribution	Ordinary	100%
The Midland News Association Limited	Newspaper publishers	Ordinary	100%
Cubiquity Limited	Creative design and print procurement agency	Ordinary	100%
Bigkid Agency Limited	Digital and design agency	Ordinary	100%
Kennedy Enterprises Limited	Magazine publishing	Ordinary	80%
Express and Star Limited	Dormant	Ordinary	100%
Shropshire Newspapers Limited	Dormant	Ordinary	100%
Shropshire Star Limited	Dormant	Ordinary	100%
EC Events Limited*	Marketing and consultancy	Ordinary	100%

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

The Guernsey Press Company Limited and Guernsey Distribution Limited registered office is Braye Road, Vale, Guernsey, CI, GY1 3BW.

Guiton Group Limited, Jersey Evening Post Limited, CI Newsagents Limited, Guiton Publishing Limited, Guiton Trustees Limited and EC Events 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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

18. Stocks

	Group 29 December 2018 £'000	Group 30 December 2017 £'000
Raw materials and consumables	2,588	2,177
Work in progress	828	872
Finished goods and goods for resale	1,603	167
	<u>5,019</u>	<u>3,216</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 £629,000 (30 December 2017 - £552,000).

19. Debtors

	Group 29 December 2018 £'000	Group 30 December 2017 £'000
Due after more than one year		
Other debtors	704	704
Deferred tax asset	6,941	3,678
	<u>7,645</u>	<u>4,382</u>
	Group 29 December 2018 £'000	Group 30 December 2017 £'000
Due within one year		
Trade debtors	16,983	11,855
Other debtors	2,208	2,308
Prepayments and accrued income	3,026	2,752
	<u>22,217</u>	<u>16,915</u>

The impairment loss recognised in the group statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £77,000 (30 December 2017 - £6,000).

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

20. Cash and cash equivalents

	Group 29 December 2018 £000	Group 30 December 2017 £000
Cash at bank and in hand	5,214	4,796
Less: bank overdrafts	(4,828)	(2,157)
	<u>386</u>	<u>2,639</u>

21. Creditors: Amounts falling due within one year

	Group 29 December 2018 £'000	Group 30 December 2017 £'000
Bank overdrafts	4,828	2,157
Bank loans	906	1,930
Invoice discounting	5,090	-
Trade creditors	10,331	6,812
Corporation tax	369	55
Other taxation and social security	1,760	1,172
Other creditors	1,657	1,381
Accruals and deferred income	3,149	2,965
	<u>28,090</u>	<u>16,472</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

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

	Group 29 December 2018 £'000	Group 30 December 2017 £'000	Company 29 December 2018 £'000	Company 30 December 2017 £'000
Bank loans	7,245	7,252	-	-
Amounts owed to group undertakings	-	-	11,141	11,141
Other creditors	7,766	13	-	-
9.21% preference shares	855	855	855	855
	15,866	8,120	11,996	11,996

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 and overdrafts

Maturity of debt:

	Group 29 December 2018 £'000	Group 30 December 2017 £'000
Amounts falling due within one year		
Bank loans and overdrafts	906	1,930
Amounts falling due 1-2 years		
Bank loans	2,034	2,002
Amounts falling due 2-5 years		
Bank loans	2,719	2,625
Amounts falling due after more than 5 years		
Bank loans	2,492	2,625
	8,151	9,182

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

During the year, upon maturity of its previous fixed term loan, the group entered into a new 5 year fixed term loan of £7m until October 2022, repayable in quarterly installments. The loan accrues interest at 2.75% above LIBOR.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

24. Financial instruments

	Group 29 December 2018 £000	Group 30 December 2017 £000	Company 29 December 2018 £000	Company 30 December 2017 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>25,109</u>	<u>19,663</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(40,733)</u>	<u>(22,510)</u>	<u>(11,141)</u>	<u>(11,141)</u>

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

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

25. Deferred taxation

Group

	£000
At 31 December 2017	3,678
Charged to profit or loss	90
Credited to other comprehensive income	3,173
At 29 December 2018	<u><u>6,941</u></u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

25. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	Group 29 December 2018 £000	Group 30 December 2017 £000
Accelerated capital allowances	2,498	2,444
Sundry timing differences	63	27
Pension surplus	4,380	1,207
	<u>6,941</u>	<u>3,678</u>

26. Provisions

Group

	Dilapidation provision £'000	Other provision £'000	Onerous lease provision £'000	Total £'000
At 31 December 2017	470	44	828	1,342
Charged to profit or loss	(26)	-	-	(26)
At 29 December 2018	<u>444</u>	<u>44</u>	<u>828</u>	<u>1,316</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 29 December 2018

28. Share capital

	29 December 2018 £'000	30 December 2017 £'000
Allotted, called up and fully paid		
900,000 (2017 - 900,000) Ordinary shares of £1.00 each	900	900
900,000 (2017 - 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.

29. 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 29 December 2018, the contingent liability relating to the cross guarantee amounted to £12.1m (30 December 2017 - £6.0m).

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

30. Business combinations

On 15 August 2018 the group acquired 100% of Cubiquity Limited and its wholly owned subsidiary Bigkid Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Tangible fixed assets	105	105
	<u>105</u>	<u>105</u>
Stocks	536	536
Debtors	6,461	6,461
Cash at bank and in hand	163	163
	<u>7,265</u>	<u>7,265</u>
Total assets	7,265	7,265
Due within one year	(4,173)	(4,173)
	<u>3,092</u>	<u>3,092</u>
Total identifiable net assets	3,092	3,092
Goodwill		7,216
		<u>10,308</u>
Total purchase consideration		10,308
Consideration		
		£000
Cash		6,048
Deferred consideration		3,971
Directly attributable costs		289
		<u>10,308</u>
Total purchase consideration		10,308
Cash outflow on acquisition		
		£000
Purchase consideration settled in cash (including expenses of £289k)		6,048
Less: Cash and cash equivalents acquired		(163)
		<u>5,885</u>
Net cash outflow on acquisition		5,885

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

30. Business combinations (continued)

The results of Cubiquity Limited since its acquisition are as follows:

	Current period since acquisition £000
Turnover	7,537
Profit for the period	44

On 31 March 2018 the group acquired 80% of Kennedy Enterprises Limited, with an option to acquire the remaining 20% and therefore in substance has been accounted for as a 100% acquisition with deferred consideration for the remaining 20%.

	Book value £000	Fair value £000
Tangible fixed assets	41	41
	<u>41</u>	<u>41</u>
Stocks	814	814
Debtors	2,354	2,354
Cash at bank and in hand	666	666
Total assets	<u>3,875</u>	<u>3,875</u>
Due within one year	(1,414)	(1,414)
Total identifiable net assets	<u>2,461</u>	<u>2,461</u>
Goodwill		8,009
Total purchase consideration		<u>10,470</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

30. Business combinations (continued)

Consideration

	£000
Cash	6,789
Deferred consideration	3,405
Directly attributable costs	276
Total purchase consideration	10,470
Cash outflow on acquisition	

	£000
Purchase consideration settled in cash (including expenses of £276k)	7,065
Cash and cash equivalents acquired	(666)
Net cash outflow on acquisition	6,399

The results of Kennedy Enterprises Limited since its acquisition are as follows:

	Current period since acquisition £000
Turnover	7,202
Profit for the period	1,382

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

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 £1,881,000 (30 December 2017 - £1,964,000) 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	05.04.2017	24.12.2016	01.01.2017
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 29 December 2018

31. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	29 December 2018 £'000	30 December 2017 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	310,940	322,550
Current service cost	267	330
Interest cost	7,721	8,520
Actuarial gains/(losses)	1,470	(5,980)
Contributions by participants	100	160
Benefits paid	(15,760)	(13,580)
Past service cost/(credit)	1,260	(1,060)
At the end of the year	305,998	310,940

Composition of plan liabilities:

	29 December 2018 £'000	30 December 2017 £'000
Schemes wholly or partly funded	(305,998)	(310,940)
Total plan liabilities	(305,998)	(310,940)

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

31. Pension commitments (continued)

Reconciliation of present value of plan assets:

	29 December 2018 £'000	30 December 2017 £'000
At the beginning of the year	297,130	285,380
Interest income	7,408	7,560
Actuarial gains/(losses)	(15,340)	15,300
Contributions by employer	2,252	2,340
Benefits paid	(15,760)	(13,580)
Contributions by participants	100	160
Expenses	-	(30)
At the end of the year	275,790	297,130

The actual deficit on plan assets is £7,930,000 (30 December 2017 - return £22,860,000).

Composition of plan assets:

	29 December 2018 £'000	30 December 2017 £'000
European equities	6,426	7,860
European bonds and gilts	186,776	174,790
Property	1,780	1,700
Cash and other	80,808	112,780
Total plan assets	275,790	297,130

	29 December 2018 £'000	30 December 2017 £'000
Fair value of plan assets	275,790	297,130
Present value of plan liabilities	(305,998)	(310,940)
Derecognition of surplus	(828)	(610)
Net pension scheme liability	(31,036)	(14,420)

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

31. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	29 December 2018 £'000	30 December 2017 £'000
Past service (cost)/credit	(1,260)	1,060
Current service cost and expenses	(267)	(360)
Interest on obligation	(313)	(960)
Total	(1,840)	(260)

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £40,758,000 (2017 - £23,730,000).

The Group expects to contribute £1,700,000 to its Defined benefit pension scheme in 2019.

	29 December 2018 £'000	30 December 2017 £'000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(15,340)	15,300
Experience gains and losses arising on the scheme liabilities	(2,230)	3,070
Changes in assumptions underlying the present value of the scheme liabilities	542	2,300
	(17,028)	20,670

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

31. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	29 December 2018	30 December 2017
Pension scheme A		
Discount rate	2.85 %	2.55 %
RPI inflation	3.20 %	3.15 %
CPI inflation	2.10 %	2.05 %
Mortality rates		
- for a male aged 65 now	21.7	20.6
- at 65 for a male aged 45 now	23.5	22.4
- for a female aged 65 now	23.4	22.2
- at 65 for a female member aged 45 now	25.3	24.0
Pension scheme C		
Discount rate	2.85 %	2.70 %
Rate of compensation increase	3.20 %	3.00 %
RPI inflation	3.70 %	3.50 %
Mortality rates		
- for a male aged 65 now	21.9	22.2
- at 65 for a male aged 45 now	23.3	23.8
- for a female aged 65 now	23.9	24.0
- at 65 for a female member aged 45 now	25.3	25.7
Pension scheme D		
Discount rate	2.85 %	2.70 %
Rate of compensation increase	3.70 %	3.50 %
RPI inflation	3.70 %	3.50 %
Mortality rates		
- for a male aged 65 now	22.0	22.1
- at 65 for a male aged 45 now	23.0	23.7
- for a female aged 65 now	24.0	24.2
- at 65 for a female member aged 45 now	25.0	25.9

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 29 December 2018

32. Commitments under operating leases

At 29 December 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	29 December 2018 £'000	30 December 2017 £'000
Not later than 1 year	1,444	1,510
Later than 1 year and not later than 5 years	5,125	4,413
Later than 5 years	96	389
	<u>6,665</u>	<u>6,312</u>

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

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.

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 £962,000 (30 December 2017 - £1,685,000).

During the period, the Group made purchases of £311,000 (2017 - £nil) from Kennedy Enterprises, a company which has common ownership. At 29 December 2018 the balance due to this entity was £1,297,000 (2017 - £nil).

34. Controlling party

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