Claverley Holdings Limited

Report and Financial Statements

Period Ended

28 December 2019

Company Number 08114933

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 28 December 2019

The directors present their strategic report together with the audited financial statements for the period ended 28 December 2019.

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.

Introduction

The results for the period to 28 December 2019 were encouraging and included a number of positive achievements in relation to the longer term strategic plan of diversifying the Group's operations. It is therefore very disappointing that at the time of the approval of the financial statements the Group enters a period of economic uncertainty arising from the outbreak of the Coronavirus (COVID 19). This report summarises our performance in 2019 below in the business review section and our assessment of the impact of COVID-19 on the Group in the principal risks and uncertainties and outlook sections.

Group business review

During the year, both the businesses which were acquired in 2018 have been fully integrated into the group and have exceeded budgeted expectations. Kennedy Enterprises Limited, a leading children's magazine publisher has significantly increased the number of titles it produces and is well placed to increase its market share through securing further licence agreements in 2020. Cubiquity Limited, a print management and procurement service business and its wholly owned subsidiary BigKid Limited, a multi-media design agency have continued to grow revenues from existing customers as well as realising opportunities from a strengthening sales pipeline, despite challenging market conditions.

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

In continuing to deliver on the group strategy to reduce the reliance of the group on its traditional market of newspaper publishing, the Guernsey Press Limited and its wholly owned subsidiary Guernsey Distribution Limited were sold on 30th September 2019. Funds will be made available for future UK acquisitions.

The commercial printing business faced a challenging year, supply continues to outstrip demand and the value of waste paper reduced significantly. The business continued to focus on process improvements and efficiency and has made substantial progress in reducing waste and downtime during 2019. Cost management and driving further efficiencies will continue to be a primary focus for the business.

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. Growth in to the magazine sector has been a challenge. The company faces a busy year ahead with significant upgrade plans for existing advertising customers.

Principal risks and uncertainties

The principal risk to the business arising from COVID-19 relates to short term liquidity and ensuring the Group can settle liabilities when they fall due during a period of significantly reduced revenue over the next 12 months. The executive management team reacted quickly to the impact of COVID-19 and established procedures to collate information from relevant sources on a timely basis and have used this data to prepare detailed forecasts of predicted demand and future cashflows across all of the Groups operating companies. The Group took advantage of the Job Retention Scheme and furloughed over 230 employees (29% of Group headcount), agreed a range of salary reductions and reduced shift patterns and hours. Following the winding down of the Government furlough scheme, further cost reductions are planned to ensure the Group can operate at the reduced levels of demand forecast for the next year.

The Group's cash resources have been sustained during the height of the lockdown period through careful management of debtors and creditors and the deferral of HMRC and pension deficit recovery payments. The cash forecasts are being regularly updated to manage cash flow and relevant actions are being taken to ensure long term business viability through extensive scenario planning.

The Group's banking facilities were renewed on the same terms in May 2020. Whilst noting the material uncertainties arising from the COVID-19 pandemic set out in note 2.4 to the financial statements, based on the directors' expectation of the most likely scenarios, the Group can settle liabilities for the foreseeable future, being a period of 12 months from the date of approval of these financial statements.

The directors have taken appropriate measures to minimise the Health and Safety risks arising from COVID-19 for the Group's workforce and the group continues to follow best practice communicated by the Government and Public Health England.

The longer term demand for the Group's products and services 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 impact of COVID 19 will impact on these drivers for a period of time to come. The group manages these risks through a combination of measures and 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 has reduced its exposure to currency volatility by using flexible financial derivatives to hedge its USD position on the purchase of Chinese goods.

Outlook

The actual decline in sales across the Group as a whole has not been as pronounced as originally anticipated at the outset of COVID-19. However, the results for 2020 will be significantly reduced as a result of the lockdown period and the ongoing impact of COVID-19. The Group expects the impact of the COVID-19 will continue to be felt during 2021 with the operations recovering to pre-COVID-19 levels in 2022.

Environmental matters

The company takes its environmental responsibilities seriously and recognises that business activities inevitably have an impact on the natural environment. It is committed to minimising this impact and uses sustainable newsprint and paper, its largest consumable, wherever possible. Kennedy Enterprises Limited is placing greater focus on it use of plastics by reducing secondary packaging and is looking to implement more environmentally friendly bags and blister packaging in 2020.

Key energy saving measures that came out of the Group's ESOS reporting process are to be reviewed and actioned where possible during the course of 2020.

Section 172 Statement

During the year a number of key decisions have been made by the directors which have been reached through engaging with the relevant stakeholders and fully understanding the long-term implications. The directors are fully briefed through the production of detailed board papers which are distributed well in advance of the Board Meetings.

As part of the group strategy to reduce its reliance on newspaper publishing and diversify risk for the shareholders the decision was taken to sell the Guernsey Press which had been owned by the group since 2004.

It was vital to Claverley Group that the following the sale process the Guernsey Press continued to produce high quality print and digital output for its loyal readers and advertising customers and this was factored into the decision of who to sell the business to. Employees were fully communicated with via face to face meetings and email correspondence. The sale was well received by employees as the group had identified an on-island buyer with ambitions to invest in the business to drive future growth. The entire senior management team remained in place so that the sale had no impact on the day to day operation of the business. In order to protect the interests of the Guernsey pension scheme members, Claverley Group Limited became the principal employer of the Guernsey Press Defined Benefit Pension Scheme and committed to work with the trustees to ensure the scheme continues to be funded to the appropriate levels.

In a continuation of the group's divestment in the Channel Islands, the freehold of the Jersey Evening Post (JEP) building was sold in December 2019. The Board were advised that the building was no longer providing employees with a good working environment and its location outside of St Helier meant it was some distance away from the main hub of news generation. Modern and fully refurbished office accommodation was identified in the heart of St Helier which the JEP now lease. The total commuting distance has reduced significantly which has reduced carbon emissions and appropriate relocation support for staff was provided. The feedback from employees on the enhanced working environment has been hugely positive and the building move was managed to ensure that any potential IT and communication issues were mitigated enabling the JEP's readers to continue to receive high quality print and digital output.

The significant reduction in the group's fixed assets held in the Channel Islands meant that the group took pro-active steps to liaise with its Jersey based lenders, Channel Island pension trustees and UK pension trustees.

The HSBC loan was fully repaid in October 2019 and Claverley Group Limited became the principal employer of both the Guernsey Press Defined Benefit Pension Scheme in September 2019 and the Guiton Group Defined Benefit Pension Scheme in January 2020.

The key long-term consequences of the group's divestment in the Channel Islands is that group has finished 2019 in a net cash position with significant cash and facilities headroom to invest back in to the business through future UK acquisitions.

Prior to the Channel Islands transactions, the Directors reviewed the CID facility that had been used by Precision Colour Printing since June 2013. The flexible nature of the facility, its relative low cost of borrowing and the high standards of business conduct evidenced in operating the receivables agreement meant that the directors agreed to renew the £6m facility and look to extend its use where possible. Since the acquisition of Cubiquity in August 2018, the business had integrated in to the wider group exceptionally well. Following detailed conversations with Lloyds Bank and the Cubiquity directors and finance team the decision was reached to introduce a £3m CID facility in to the business from May 2019.

Both facilities have been used significantly since the revised receivable agreement was put in place. The relevant employees who utilise the facility have had the necessary training and support and the additional processes are now incorporated seamlessly in to the day to day operations of the business. As a result of the cash inflow received from the disposal of the Guernsey Press, the facilities have not been required since October 2019. The flexible nature of the facility has meant that no interest charges have since been incurred and the group still has access to the facility to fund future acquisitions as and when identified.

Section 172 Statement (continued)

In executing the plan for continued cost control and pursuit of operating efficiencies the Precision Colour Printing directors identified opportunities to enhance the automation of direct mailing. Mailing line operators and engineers were engaged to try to identify improvements. This consultation led to the decision being made to replace the two existing mailing lines, that were over 15 years old, with one new machine. The new machine would deliver greater operational performance, reliability and its output would exceed the two existing machines combined. This decision would also mean that the company would recruit additional employees as the demand loading for the machine is more predictable and therefore previous reliance on flexible third-party contract labour would reduce. These employees would be given greater job security and enhanced employment terms.

The project team extensively researched the supplier market before identifying its chosen supplier, who is a market leader in providing mailing line equipment. After several meetings at both companies premises a detailed machine specification was produced that would meet all the operational criteria. This included the ability to wrap customer products in paper wrapping as well as the more traditional poly wrapping and therefore enabling the company to offer its customers a more environmentally friendly solution. Engagement with customers on utilising FSC sourced paper for wrapping has been positive to date and the company expect a significant uptake. Finally, directors gave approval to the capital expenditure on the basis that it was funded via an operating lease.

The detailed business case presented to the directors clearly showed that the operational and labour savings would more than cover the operating lease financing costs. Engagement with Lloyds Commercial Finance took place and due to the company's long-standing relationship a very competitive financing solution was agreed. The financing provided the shareholders with value for money and mitigated the requirement for a significant capital cash outlay.

Turnover at the Midland News Association (MNA) has continued to decrease in 2019 as advertising and circulation revenues have come under increasing pressure. Consequently, cost management has to always be a priority consideration for the directors. The largest ongoing cost within the business is the remuneration of employees and unfortunately 27 members of the team were made redundant in 2019. A number of these employees requested to leave voluntarily but regrettably others were compulsory. The changes were made over the course of the year, meaning a collective consultation was not required. The directors acknowledged the distress such decisions have on loyal employees and sought to ensure a consistent and fair process was adopted. In all cases, there had to be a justification to deem a position redundant. Where compulsory redundancies were required, face to face consultations involving affected staff, senior departmental management and representatives from HR took place. The clearly defined process for decision making, and timescales for communication, was used consistently across the business. These difficult decisions have been made to ensure the business remains sustainable and thus enabling the business to continue to employ hundreds of employees.

In continuing to drive cost management, an opportunity was identified to change the buying strategy for newsprint, the business' largest consumable cost. The MNA has held longstanding direct relationships with four newsprint suppliers, but reduced consumption volumes, coupled with publisher consolidation elsewhere in the industry, had adversely impacted the company's negotiating strength. Therefore, the company sought to leverage the greater purchasing power of a third-party provider in order to achieve a reduced price per tonne.

A key condition to the agreement was that deliveries were retained from our existing suppliers. The directors felt it was both fair and important to maintain agreeable operating relationships with these suppliers. Continuity of service was equally important for ensuring there was no degradation in the quality of our newspapers for our loyal readers and advertisers.

Claverley Holdings Limited

Section 172 Statement (continued)

A small project team, made up of those employees who manage newsprint stock on a daily basis, were involved in the evaluation of the operational elements of the agreement. This project team confirmed that the revised ordering process would only differ slightly from existing practices and that there was no change to deliveries. The financial business case outlined that a number of newsprint providers had been engaged in the procurement process and the rationale for the chosen supplier. Although the preferred procurement solution would deliver an adverse cashflow impact initially due to prepayments, that this would be negated within four months. The initial prepayment was funded out of working capital and the savings associated with the reduced costs provided shareholders with the best value return.

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 28 December 2019 £000	52 weeks ended 29 December 2018 £000
Revenue	112,223	102,836
Operating profit before exceptional items, depreciation, amortisation and impairment	9,052	7,960
Capital expenditure on tangible fixed assets	704	1,523

This report was approved by the board on 23 July 2020 and signed on its behalf.

T W Graham
Director

The directors present their report and the audited financial statements for the period ended 28 December 2019.

Results and dividends

The Consolidated Income Statement is set out on page 8 and shows the loss of £230,000 (29 December 2018 - £2,155,000) for the period.

No dividend has been paid or proposed in the period (29 December 2018 - £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 the report were:

E Alan Graham
P S Meier
T W Graham
Edward A Graham
A B Graham
S A Graham

Future developments

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

Financial instruments

The company is financed by loans from other group companies.

The UK group operations are financed by facilities provided by Lloyds Bank including an overdraft facility of £1.5m (29 December 2018 - £3.0m) that was renewed in May 2020. 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 plc to provide additional working capital facilities of up to £9.0m (29 December 2018 - £6.0m), which was renewed in May 2019.

The group repaid in full its HSBC term loan debt, secured against its Channel Island assets, in October 2019.

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 company through its subsidiaries continues to invest in research and development. This has resulted in improvements in digital and IT solutions products which will benefit the company and the group in the medium to long term.

Employee involvement

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

In March 2020 the Group and Company, along with all global businesses, faced the challenges of COVID-19. The impact of COVID-19 is a non-adjusting post balance sheet event and the directors have carefully considered if the outbreak would result in changes to the recognition or measurement of assets and liabilities recognised in the statement of financial position and are satisfied that that there are no material changes to the position reported that should be disclosed.

This report was approved by the board on 23 July 2020 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.

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 28 December 2019 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 28 December 2019 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.

Material uncertainty related to going concern

We draw attention to Note 2.4 to the financial statements, which refers to the impact of Covid 19 on the going concern status of the Group and the company and that the Group may need to secure additional funding. These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

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 LLP

Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom
27 July 2020

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 28 December 2019

	Note	52 weeks ended 28 December 2019 £'000 Continuing operations	52 weeks ended 28 December 2019 £'000 Discontinued operations	52 weeks ended 28 December 2019 £'000 Total	52 weeks ended 29 December 2018 £'000 Continuing operations	52 weeks ended 29 December 2018 £'000 Discontinued operations	52 weeks ended 29 December 2018 £'000 Total
Turnover	4	**106,174**	**6,049**	**112,223**	97,597	5,239	102,836
Exceptional items, depreciation, amortisation and impairment	5	**(2,802)**	**(2,266)**	**(5,068)**	(6,851)	(2,507)	(9,358)
Net operating expenses	5	**(97,938)**	**(5,233)**	**(103,171)**	(90,884)	(3,992)	(94,876)
Operating profit/(loss)	6	**5,434**	**(1,450)**	**3,984**	(138)	(1,260)	(1,398)
Loss on disposal of discontinued operation	30	**-**	**(2,285)**	**(2,285)**	-	-	-
Interest receivable and similar income	10	**72**	**-**	**72**	50	-	50
Interest payable and similar expenses	11	**(540)**	**-**	**(540)**	(524)	-	(524)
Other finance income	12	**(856)**	**-**	**(856)**	(334)	21	(313)
Profit/(loss) before tax		**4,110**	**(3,735)**	**375**	(946)	(1,239)	(2,185)
Tax on profit/(loss)	13	**(583)**	**(22)**	**(605)**	56	(26)	30
Loss for the financial period		**3,527**	**(3,757)**	**(230)**	(890)	(1,265)	(2,155)

The notes on pages 21 to 54 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Comprehensive Income
For the Period Ended 28 December 2019

	Note	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Profit/(loss) for the financial period		**(230)**	(2,155)
Other comprehensive income			
Actuarial (loss)/gain on defined benefit schemes	32	**(3,996)**	(17,028)
Movement on deferred tax relating to pension (gains)		**256**	3,173
Other comprehensive income for the period		**(3,740)**	(13,855)
Total comprehensive income for the period		**(3,970)**	(16,010)
(Loss) for the period attributable to:			
Owners of the parent Company		**(230)**	(2,155)
		(230)	(2,155)
Total comprehensive income attributable to:			
Owners of the parent Company		**(3,970)**	(16,010)
		(3,970)	(16,010)

The notes on pages 21 to 54 form part of these financial statements.

Claverley Holdings Limited
Registered number:08114933

Consolidated Statement of Financial Position
As at 28 December 2019

	Note		28 December 2019 £'000		As restated 29 December 2018 £'000
Fixed assets					
Intangible assets	14		**17,397**		26,317
Tangible assets	15		**19,373**		26,919
Investments	17		**791**		791
Investment property	16		**227**		2,552
			37,788		56,579
Current assets					
Stocks	18	**4,318**		5,019	
Debtors: amounts falling due after more than one year	19	**7,460**		7,645	
Debtors: amounts falling due within one year	19	**22,899**		22,217	
Cash at bank and in hand	20	**9,082**		5,214	
		43,759		40,095	
Creditors: amounts falling due within one year	21	**(20,374)**		(28,090)	
Net current assets			**23,385**		12,005
Total assets less current liabilities			**61,173**		68,584
Creditors: amounts falling due after more than one year	22		**(10,298)**		(15,866)
Provisions for liabilities					
Other provisions	26	**(785)**		(1,316)	
			(785)		(1,316)
Net assets excluding pension liability			**50,090**		51,402
Pension liability	32		**(33,694)**		(31,036)
Net assets			**16,396**		20,366

Claverley Holdings Limited
Registered number:08114933

Consolidated Statement of Financial Position (continued)
As at 28 December 2019

	Note	28 December 2019 £000	As restated 29 December 2018 £000
Capital and reserves			
Called up share capital	28	**945**	945
Profit and loss account	27	**15,451**	19,421
Equity attributable to owners of the parent Company		**16,396**	20,366
		16,396	20,366

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23 July 2020.

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T W Graham
Director

The notes on pages 21 to 54 form part of these financial statements.

Claverley Holdings Limited
Registered number:08114933

Company Statement of Financial Position
As at 28 December 2019

	Note	28 December 2019 £'000	29 December 2018 £'000
Fixed assets			
Investments	17	**35,677**	35,677
		35,677	35,677
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		**23,681**	23,681
Net assets		**23,681**	23,681
Capital and reserves			
Called up share capital	28	**945**	945
Profit and loss account	27	**22,736**	22,736
		23,681	23,681

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 (29 December 2018 - £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23 July 2020.

....
T W Graham
Director

The notes on pages 21 to 54 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Changes in Equity
For the Period Ended 28 December 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 31 December 2017	945	18,780	19,725
Prior year adjustment (Note 31)	-	641	641
At 30 December 2018 (as restated)	945	19,421	20,366
Comprehensive income for the period			
Loss for the period	-	(230)	(230)
Actuarial gains on pension scheme net of deferred tax	-	(3,740)	(3,740)
Total comprehensive income for the period	-	(3,970)	(3,970)
At 28 December 2019	945	15,451	16,396

Consolidated 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 1 December 2017 (as previously stated)	945	34,790	35,735
Prior year adjustment (Note 31)	-	641	641
At 1 December 2017 (as restated)	945	35,431	36,376
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)
Total comprehensive income for the period	-	(16,010)	(16,010)
At 29 December 2018	945	19,421	20,366

The notes on pages 21 to 54 form part of these financial statements.

Claverley Holdings Limited

Company Statement of Changes in Equity
For the Period Ended 28 December 2019

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 30 December 2018	945	22,736	23,681
Total comprehensive result for the period	-	-	-
At 28 December 2019	945	22,736	23,681

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 1 January 2017	945	22,736	23,681
Total comprehensive result for the period	-	-	-
At 29 December 2018	945	22,736	23,681

The notes on pages 21 to 54 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Cash Flows
For the Period Ended 28 December 2019

	28 December 2019 £000	29 December 2018 £000
Cash flows from operating activities		
Profit/(loss) for the financial period	**(230)**	(2,155)
Adjustments for:		
Amortisation of intangible assets	**4,059**	3,752
Depreciation of tangible assets	**3,988**	4,077
Loss on disposal of subsidiary	**2,285**	-
(Profit)/loss on disposal of tangible assets	**(3,261)**	61
Interest paid	**541**	524
Interest received	**(72)**	(50)
Taxation charge	**605**	(30)
Decrease/(increase) in stocks	**633**	(433)
(Increase)/decrease in debtors	**(1,567)**	3,633
(Decrease) in creditors	**(278)**	(1,185)
(Decrease) in provisions	**(532)**	(26)
Difference between contribution to pension scheme and amount charged to profit and loss	**(1,338)**	(412)
Corporation tax (paid)	**(408)**	(118)
Net cash generated from operating activities	**4,425**	7,638
Cash flows from investing activities		
Purchase of intangible fixed assets	**-**	(125)
Purchase of tangible fixed assets	**(704)**	(777)
Sale of tangible fixed assets	**4,266**	(52)
Acquisition of business (net of cash acquired)	**(3,959)**	(12,553)
Interest received	**72**	33
Disposal of business (net of cash disposed)	**9,491**	-
Net cash from investing activities	**9,166**	(13,474)

Claverley Holdings Limited

Consolidated Statement of Cash Flows (continued)
For the Period Ended 28 December 2019

	28 December 2019 £000	29 December 2018 £000
Cash flows from financing activities		
New secured loans	-	7,250
Repayment of loans	**(2,034)**	(8,281)
(Reduction)/Increase in invoice discounting facility	**(5,090)**	5,090
Interest paid	**(541)**	(476)
Net cash used in financing activities	**(7,665)**	3,583
Net increase/(decrease) in cash and cash equivalents	**5,926**	(2,253)
Cash and cash equivalents at beginning of period	**386**	2,639
Cash and cash equivalents at the end of period	**6,312**	386
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**9,082**	5,214
Bank overdrafts	**(2,770)**	(4,828)
	6,312	386

Consolidated Analysis of Net Debt
For the Period Ended 28 December 2019

	At 30 December 2018 £000	Cash flows £000	Other non-cash changes £000	At 28 December 2019 £000
Cash at bank and in hand	5,214	3,868	-	9,082
Bank overdrafts	(4,828)	2,058	-	(2,770)
Debt due after 1 year	(7,245)	1,398	906	(4,941)
Debt due within 1 year	(906)	906	(906)	(906)
	(7,765)	8,230	-	465

The notes on pages 21 to 54 form part of these financial statements.

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.

2.4 Going concern

Over the past three months the Directors have managed the Company and Group through the unprecedented disruption arising from the COVID-19 pandemic. All of the Group's businesses have remained open and have been carefully managed ensuring suitable safety measures are in place.

2. Accounting policies (continued)

2.4 Going concern (continued)

A summary of the impact of COVID-19 on the key metrics of the Group, along with the directors actions, over the last 3 months is summarised below:

Sales
The decline in sales has not been as pronounced as originally anticipated. Initial forecasts suggested that group sales could reduce by 60% when compared against budgeted levels. Quarter 2 sales were 43% short of budget, with anticipated subsequent quarterly sales figures gradually improving as lockdown measures continue to be relaxed.

Costs
The Group furloughed over 230 employees (29% of Group headcount), agreed a range of salary reductions and reduced shift patterns and hours. Following the winding down of the Government furlough scheme, total headcount is anticipated to be reduced by 14% across the Group.

Cash
The Group's cash resources have been sustained during the height of the lockdown period through careful management of debtors and creditors and the deferral of HMRC and pension deficit recovery payments. The cash position can be further bolstered in the future by the sale of building assets. However, this will only be done when the appropriate value can be realised.

Facilities
The Group has facilities which include a net £1.5m overdraft and CID facilities of up to £9m, although the CID facilities available have typically been at circa £6m due to the nature and size of the trade debtor balances. The Group facilities have been renewed for a year from May 2020 on the same terms.

The directors are pleased with the way in which the stakeholders of the business have responded to the situation, employees, supply chain and customers have positively engaged with the Group during the lockdown period and the trading performance is positive and ahead of expectations at the start of the COVID19 pandemic.

The directors have prepared a detailed forecasting model to review current and projected trading performance against key metrics of the different components of the Group to September 2021. The directors are satisfied that the Group has headroom in its existing committed facilities to respond to the various realistic downside sensitivities.

Reverse stress testing has been carried out on the forecasting model and this process has identified that a 10% reduction of prudently forecast turnover levels could require the Group to obtain additional finance, during the second half of 2021, over and above the committed facilities at the date of approval of the financial statements. While, the directors consider such a reduction to be unlikely based on current activity levels, they acknowledge a scenario such as a second wave of the pandemic resulting in further lockdown or a deeper recession than expected is possible and could result in reduction in the forecast levels of turnover levels to this extent. This scenario presents the existence of a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern.

The directors consider this to be a worst case scenario and unlikely, however, should such a scenario arise they have identified a series of contingency plans to bolster short term cash resources and are confident further banking facilities could be arranged should it be needed. The directors are satisfied therefore that it is appropriate to prepare the financial statements on a going concern basis and the financial statements do not include any adjustments that would be necessary if the company was unable to continue as a going concern.

2. Accounting policies (continued)

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.

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.

2. Accounting policies (continued)

2.7 Tangible fixed assets (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.

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.

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.

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'.

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.

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 £33,694,000 (29 December 2018 - £31,036,000), comprising assets of £294,856,000 (29 December 2018 - £275,790,000) and liabilities of £327,078,000 (29 December 2018 - £305,998,000). These liabilities represent the costs expected to be incurred in making payments to current and past employees who are members of the scheme.

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 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 32.

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. 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.

C. Accrued income

The group has recognised accrued income in respect of magazines that have been distributed at the balance sheet date and are expected to be sold. The judgements, estimates and associated assumptions are based on historical experience and other reasonable factors.

4. Turnover

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

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Publishing and printing	**110,164**	100,861
Technology	**2,059**	1,975
	112,223	102,836

Analysis of turnover by country of destination:

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
United Kingdom	**93,330**	83,593
Rest of Europe	**17,850**	18,426
Rest of the world	**1,043**	817
	112,223	102,836

5. Net operating expenses

	52 weeks ended 28 December 2019 £000	52 weeks ended 29 December 2018 £000
Staff costs (note 8)	**35,905**	35,291
Raw materials and consumables	**49,031**	42,558
Other operating charges	**14,937**	17,088
Depreciation of tangible fixed assets	**3,988**	4,077
Amortisation of intangible fixed assets	**4,096**	3,752
Severance payments	**282**	1,468
	108,239	104,234

Exceptional items comprise severance payments of £282,000 (29 December 2018 - £1,468,000), Profit on disposal of fixed assets of £3,261,000 (2018 - Loss £61,000) and loss on disposal of business of £2,285,000 (2018 - £Nil).

6. Operating profit/(loss)

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

	52 weeks ended 28 December 2019 £000	52 weeks ended 29 December 2018 £000
Loss/(profit) on disposal of fixed assets	**(3,261)**	61
Loss on disposal of business	**2,285**	-
Operating lease costs	**1,449**	1,458
Defined contribution pension cost	**1,712**	1,881
Defined benefit pension cost	**(453)**	1,527

7. Auditor's remuneration

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**10**	12
	10	12
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	**81**	92
Other services relating to taxation	**76**	49
All other services	**29**	211
	186	352

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 52 weeks ended 28 December 2019 £000	Group 52 weeks ended 29 December 2018 £000	Company 52 weeks ended 28 December 2019 £000	Company 52 weeks ended 29 December 2018 £000
Wages and salaries	31,165	30,581	155	155
Social security costs	2,968	2,562	19	19
Cost of defined benefit scheme	(453)	1,527	-	-
Cost of defined contribution scheme	1,712	1,881	-	-
	35,392	36,551	174	174

In addition to the above, exceptional severance costs of £282,000 (29 December 2018 - £1,468,000) were incurred, see note 5.

In the current year the cost of the defined benefit scheme included a gain on curtailments and settlements of £543,000.

In the prior period the cost of the defined benefit scheme included a past service defined benefit pension cost of £1,260,000 in respect of GMP equalisation.

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

	52 weeks ended 28 December 2019 No.	52 weeks ended 29 December 2018 No.
Publishing and printing	779	861
Technology	34	34
Administration	17	17
	830	912

9. Directors' remuneration

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Directors' emoluments	**756**	962
Company contributions to money purchase pension schemes	**50**	66
	806	1,028

There were no directors in the group's defined benefit pension scheme (29 December 2018 - Nil). There were 3 directors in the group's defined contribution pension scheme (29 December 2018 - 4) during the period. Contributions were paid to an external pension scheme during the period on behalf of 1 director (29 December 2018 - 1).

The total amount payable to the highest paid director in respect of emoluments was £220,668 (29 December 2018 - £220,755). Company pension contributions of £Nil (29 December 2018 - £Nil) were made to a defined contribution scheme on their behalf.

10. Interest receivable

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Bank deposits	**72**	50

11. Interest payable and similar expenses

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Bank interest and overdraft interest payable	**485**	490
Other interest payable	**21**	-
Amortisation of loan arrangement fee	**34**	34
	540	524

12. Other finance costs

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Net interest on net defined benefit liability	**(856)**	(313)

13. Taxation

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Corporation tax		
Current tax on losses for the year	**113**	9
Adjustments in respect of previous periods	**29**	25
	142	34
Foreign tax		
Foreign tax on income for the year	**22**	26
	22	26
Total current tax	**164**	60
Deferred tax		
Origination and reversal of timing differences	**410**	(76)
Adjustments in respect of previous periods	**31**	(14)
Total deferred tax	**441**	(90)
Taxation on loss on ordinary activities	**605**	(30)

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% (2018 - 19%). The differences are explained below:

	52 weeks ended 28 December 2019 £'000	52 weeks ended 29 December 2018 £'000
Profit/(loss) on ordinary activities before tax	**376**	(2,185)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**71**	(415)
Effects of:		
Expenses not deductible for tax purposes	**1,886**	655
Fixed asset differences	**39**	-
R&D expenditure credits	**(18)**	-
Adjustments in respect of prior periods	**60**	11
Effect of change in tax rate	**(17)**	372
Exempt income not chargeable to tax	**(110)**	(157)
Deferred tax not recognised	**-**	(2)
Differences between UK and overseas tax rate	**(1,275)**	(121)
Defined benefit pension adjustment	**(31)**	(373)
Total tax charge/(credit) for the period	**605**	(30)

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%. Since the year end it has been announced that the tax rate will increase to 19% however as this has not been substantively enacted no change in rate has been applied.

14. Intangible assets

Group and Company

	Development costs £'000	Mastheads £'000	Goodwill £000	Total £'000
Cost				
At 30 December 2018	3,441	51,327	15,423	70,191
Additions	-	-	637	637
Disposals	-	*(48,884)*	*(146)*	*(49,030)*
Transfer	-	(2,443)	2,443	-
At 28 December 2019	3,441	-	18,357	21,798
Amortisation				
At 30 December 2018	1,514	41,429	931	43,874
Charge for the period	380	2,085	1,594	4,059
On disposals	-	(43,514)	(18)	(43,532)
At 28 December 2019	1,894	-	2,507	4,401
Net book value				
At 28 December 2019	1,547	-	15,850	17,397
At 29 December 2018	1,927	9,898	14,492	26,317

15. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 30 December 2018	27,225	95,647	7,751	130,623
Additions	-	539	165	704
Disposals	(6,277)	(7,489)	(147)	(13,913)
At 28 December 2019	20,948	88,697	7,769	117,414
Depreciation				
At 30 December 2018	12,344	84,419	6,941	103,704
Charge for the period	297	3,447	244	3,988
Disposals	(2,392)	(7,192)	(67)	(9,651)
At 28 December 2019	10,249	80,674	7,118	98,041
Net book value				
At 28 December 2019	10,699	8,023	651	19,373
At 29 December 2018	14,881	11,228	810	26,919

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

	28 December 2019 £'000	29 December 2018 £'000
Short leasehold	7	10
Freehold	10,692	14,871
	10,699	14,881

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

16. Investment property

Group

	Freehold investment property £'000
Valuation	
At 30 December 2018	**2,552**
Disposals	**(2,325)**
At 28 December 2019	**227**

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:

	28 December 2019 £'000	29 December 2018 £'000
Historic cost	**268**	1,537
Accumulated depreciation and impairments	**(117)**	(521)
	151	1,016

17. Fixed asset investments

Group

	Unlisted investments £000	Other fixed asset investments £000	Total £000
Valuation			
At 30 December 2018 (as previously stated)	-	150	150
Prior Year Adjustment (Note 31)	641	-	641
At 30 December 2018 (as restated)	641	150	791
At 28 December 2019	641	150	791
Net book value			
At 28 December 2019	641	150	791
At 29 December 2018 (as restated)	641	150	791

Company

	Investments in subsidiary companies £000
Cost	
At 30 December 2018	35,677
At 28 December 2019	35,677
Net book value	
At 28 December 2019	35,677
At 29 December 2018	35,677

17. Fixed asset investments (continued)

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Claverley Group Limited	Holding company	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	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%
Guiton Media Limited	Holding company	Ordinary	100%
Guiton Trustees Limited	Trustees	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.

Guiton Group Limited, Jersey Evening Post Limited, CI Newsagents Limited, Guiton Media Limited, Guiton Trustees Limited and EC Events Limited registered office is Le Gallais Chambers, 54 Bath Street, St Helier 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.

During the period the entire share capital of Guernsey Press Company Limited was sold for £9.6m, further details are in note 30.

18. Stocks

	Group 28 December 2019 £'000	Group 29 December 2018 £'000
Raw materials and consumables	**2,012**	2,588
Work in progress	**770**	828
Finished goods and goods for resale	**1,536**	1,603
	4,318	5,019

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 £577,000 (29 December 2018 - £629,000).

19. Debtors

	Group 28 December 2019 £'000	Group 29 December 2018 £'000
Due after more than one year		
Other debtors	**704**	704
Deferred tax asset	**6,756**	6,941
	7,460	7,645

	Group 28 December 2019 £'000	Group 29 December 2018 £'000
Due within one year		
Trade debtors	**17,653**	16,983
Other debtors	**2,094**	2,208
Prepayments and accrued income	**3,152**	3,026
	22,899	22,217

The impairment gain recognised in the group statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £40,000 (29 December 2018 - loss of £77,000).

20. Cash and cash equivalents

	Group 28 December 2019 £000	Group 29 December 2018 £000
Cash at bank and in hand	**9,082**	5,214
Less: bank overdrafts	**(2,770)**	(4,828)
	6,312	386

21. Creditors: Amounts falling due within one year

	Group 28 December 2019 £'000	Group 29 December 2018 £'000
Bank overdrafts	**2,770**	4,828
Bank loans	**906**	906
Trade creditors	**9,633**	10,331
Corporation tax	**80**	369
Other taxation and social security	**1,825**	967
Invoice discounting	**-**	5,090
Other creditors	**1,827**	2,450
Accruals and deferred income	**3,333**	3,149
	20,374	28,090

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

	Group 28 December 2019 £'000	Group 29 December 2018 £'000	Company 28 December 2019 £'000	Company 29 December 2018 £'000
Bank loans	**5,211**	7,245	**-**	-
Amounts owed to group undertakings	**-**	-	**11,141**	11,141
Other creditors	**4,232**	7,766	**-**	-
9.21% preference shares	**855**	855	**855**	855
	10,298	15,866	**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 28 December 2019 £'000	Group 29 December 2018 £'000
Amounts falling due within one year		
Bank loans and overdrafts	**906**	906
Amounts falling due 1-2 years		
Bank loans	**906**	2,034
Amounts falling due 2-5 years		
Bank loans	**2,719**	2,719
Amounts falling due after more than 5 years		
Bank loans	**1,586**	2,492
	6,117	8,151

The bank loan and overdraft with Lloyds Banking Group PLC 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.

24. Financial instruments

	Group 28 December 2019 £000	Group 29 December 2018 £000	Company 28 December 2019 £000	Company 29 December 2018 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**29,598**	25,109	**-**	-
Financial liabilities				
Financial liabilities measured at amortised cost	**(27,856)**	(40,733)	**(11,141)**	(11,141)

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

	2019 £000
At 31 December 2017	6,941
Charged to profit or loss	(441)
Credited to other comprehensive income	256
At 29 December 2018	6,756

The deferred tax asset is made up as follows:

	Group 28 December 2019 £000	Group 29 December 2018 £000
Accelerated capital allowances	2,012	2,498
Sundry timing differences	108	63
Pension surplus	4,636	4,380
	6,756	6,941

26. Provisions

Group

	Dilapidation provision £'000	Other provision £'000	Onerous lease provision £'000	Total £'000
At 30 December 2018	444	44	828	1,316
Charged to profit or loss	(123)	-	(408)	(531)
At 28 December 2019	321	44	420	785

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.

28. Share capital

	28 December 2019 £'000	29 December 2018 £'000
Allotted, called up and fully paid		
900,000 (2018 - 900,000) Ordinary shares of £1.00 each	**900**	900
900,000 (2018 - 900,000) Voting shares of £0.05 each	**45**	45
	945	945

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 28 December 2019, the contingent liability relating to the cross guarantee amounted to £0.2m (29 December 2018 - £12.1m).

30. Discontinued operations

During the period the entire share capital of Guernsey Press Company Limited was disposed of.

		£000
Cash proceeds (net of costs related to the sale)		(9,581)
		(9,581)
Net assets disposed of:		
Intangible assets	5,498	
Investment property	2,329	
Tangible assets	3,256	
Stocks	68	
Debtors	961	
Cash	90	
Creditors	(336)	
		(11,866)
Loss on disposal before tax		(2,285)

The net inflow of cash in respect of the sale of Guernsey Press Company Limited is as follows:

	£000
Cash consideration	9,581
Cash transferred on disposal	(90)
Net inflow of cash	9,491

31. Prior year adjustment

During the year a subsidiary of the group fair valued its 120,000 shares owned in PA Media Group at £640,800, note this fair value exercise should have been adjusted in previous years and therefore this is a prior year adjustment. The impact has been to increase investments and retained earnings brought forward by £640,800, there is no impact to profit.

32. Pension commitments

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

Defined Contribution Schemes

The Claverley Group operates various defined contribution pension schemes for employees. The total pension cost for the year amounted to £1,712,000 (29 December 2018 - £1,881,000) 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%

32. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	28 December 2019 £'000	29 December 2018 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**305,998**	310,940
Current service cost	**60**	267
Interest cost	**8,144**	7,721
Actuarial gains	**29,107**	1,470
Contributions by participants	**17**	100
Benefits paid	**(14,611)**	(15,760)
Past service cost	**-**	1,260
Gain on settlement or curtailment	**(1,637)**	-
At the end of the year	**327,078**	305,998

Composition of plan liabilities:

	28 December 2019 £'000	29 December 2018 £'000
Schemes wholly or partly funded	**(327,078)**	(305,998)
Total plan liabilities	**(327,078)**	(305,998)

32. Pension commitments (continued)

Reconciliation of present value of plan assets:

	28 December 2019 £'000	29 December 2018 £'000
At the beginning of the year	**275,790**	297,130
Interest income	**7,288**	7,408
Actuarial gains/(losses)	**25,763**	(15,340)
Contributions by employer	**1,733**	2,252
Benefits paid	**(14,611)**	(15,760)
Contributions by participants	**17**	100
Expenses	**(30)**	-
Loss on settlement or curtailment	**(1,094)**	-
At the end of the year	**294,856**	275,790

The actual return on plan assets is £33,620,000 (29 December 2018 - £7,930,000).

Composition of plan assets:

	28 December 2019 £'000	29 December 2018 £'000
European equities	**6,697**	6,426
European bonds and gilts	**196,550**	186,776
Property	**1,804**	1,780
Cash and other	**89,732**	80,808
Total plan assets	**294,783**	275,790

32. Pension commitments (continued)

	28 December 2019 £'000	29 December 2018 £'000
Fair value of plan assets	**294,856**	275,790
Present value of plan liabilities	**(327,078)**	(305,998)
Derecognition of surplus	**(1,472)**	(828)
Net pension scheme liability	**(33,694)**	(31,036)

The amounts recognised in profit or loss are as follows:

	28 December 2019 £'000	29 December 2018 £'000
Past service (cost)/credit	**-**	(1,260)
Current service cost and expenses	**(60)**	(267)
Interest on obligation	**(856)**	(313)
Gains on curtailments and settlements	**543**	-
Administration charges	**(30)**	-
Total	**(403)**	(1,840)

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £44,536,000 (2018 - £40,540,000).

The Group expects to contribute £1,700,000 to its Defined benefit pension scheme in 2020.

	28 December 2019 £'000	29 December 2018 £'000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	**25,990**	(15,340)
Experience gains and losses arising on the scheme liabilities	**(78)**	(2,230)
Changes in assumptions underlying the present value of the scheme liabilities	**(31,990)**	760
Changes to demographic assumptions	**2,695**	-
Effect of the limit of scheme in surplus	**(613)**	(218)
	(3,996)	(17,028)

32. Pension commitments (continued)

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

	28 December 2019	29 December 2018
Pension scheme A		
Discount rate	**2.05 %**	2.85 %
RPI inflation	**3.00 %**	3.20 %
CPI inflation	**1.90 %**	2.10 %
Mortality rates		
- for a male aged 65 now	**21.5**	21.7
- at 65 for a male aged 45 now	**23.3**	23.5
- for a female aged 65 now	**23.3**	23.4
- at 65 for a female member aged 45 now	**25.1**	25.3
Pension scheme C		
Discount rate	**2.05 %**	2.85 %
Rate of compensation increase	**3.00 %**	3.20 %
RPI inflation	**3.50 %**	3.70 %
Mortality rates		
- for a male aged 65 now	**21.7**	21.9
- at 65 for a male aged 45 now	**23.1**	23.3
- for a female aged 65 now	**23.6**	23.9
- at 65 for a female member aged 45 now	**25.2**	25.3
Pension scheme D		
Discount rate	**2.05 %**	2.85 %
Rate of compensation increase	**2.50 %**	3.70 %
RPI inflation	**3.50 %**	3.70 %
Mortality rates		
- for a male aged 65 now	**23.0**	22.0
- at 65 for a male aged 45 now	**22.0**	23.0
- for a female aged 65 now	**21.0**	24.0
- at 65 for a female member aged 45 now	**22.0**	25.0

33. Commitments under operating leases

At 28 December 2019 the group had future minimum lease payments under non-cancellable operating leases as follows:

	28 December 2019 £'000	29 December 2018 £'000
Not later than 1 year	**1,616**	1,444
Later than 1 year and not later than 5 years	**5,511**	5,125
Later than 5 years	**448**	96
	7,575	6,665

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

34. 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 £903,000 (29 December 2018 - £962,000).

35. Post balance sheet events

In March 2020 the Group and Company, along with all global businesses, faced the challenges of COVID-19. The impact of COVID-19 is a non-adjusting post balance sheet event and the directors have carefully considered if the outbreak would result in changes to the recognition or measurement of assets and liabilities recognised in the statement of financial position and are satisfied that that there are no material changes to the position reported that should be disclosed.

36. Controlling party

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