

Claverley Holdings Limited

Report and Financial Statements

Period Ended

30 December 2017

Company Number 08114933

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Claverley Holdings Limited

Company Information

Directors	G W Evers (Chairman) E Alan Graham P S Meier C D Brims P B Woodman R M Cross P A Inman T W Graham Edward A Graham J C Averty D G F Thompson
Company secretary	R M Cross
Registered number	08114933
Registered office	51-53 Queen Street Wolverhampton West Midlands WV1 1ES
Independent auditor	BDO LLP Two Snowhill Birmingham B4 6GA
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 30 December 2017

The directors present their strategic report together with the audited financial statements for the period ended 30 December 2017.

Business model

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

Group business review

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

The commercial printing business has continued to benefit from on-going process improvements and investment in asset care together with continued investment in growth through a new sheet-fed press which commenced production in 2017.

The IT systems and services business consolidated its recurring revenue streams with long term contract renewals and significant new contract wins in the year. The company anticipates revenue growth in 2018 with the launch to the market of Knowledge Prospect, its new advertising system.

A group reorganisation was completed toward the end of the year which was designed to simplify the group structure, remove a number of non-trading or dormant entities, rationalise the value of called up share capital across the group and bring the Guiton Group Limited back under the ownership of Claverley Group Limited. This exercise was successfully completed on 29 December 2017.

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

Principal risks and uncertainties

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

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

Environmental matters

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

Claverley Holdings Limited

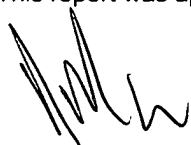
Strategic Report For the Period Ended 30 December 2017

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 30 December 2017 £000	52 weeks ended 31 December 2016 £000
Revenue	87,711	90,739
Operating profit before depreciation, amortisation, exceptional items and fair value movement on investment property	8,549	8,757
Capital expenditure on tangible fixed assets	1,946	1,755

This report was approved by the board on 26 April 2018 and signed on its behalf.



.....
R M Cross
Director

Claverley Holdings Limited

Directors' Report For the Period Ended 30 December 2017

The directors present their report and the financial statements for the period ended 30 December 2017.

Results and dividends

The Consolidated Income Statement is set out on page 10 and shows the loss of £780,000 (31 December 2016 profit - £3,313,000) for the period.

No dividend has been paid or proposed in the period (31 December 2016 - £Nil). The directors do not propose the payment of a final dividend.

Directors

The directors who served during the period were:

G W Evers (Chairman)
E Alan Graham
P S Meier
C D Brims
P B Woodman
R M Cross
P A Inman
T W Graham
Edward A Graham
J C Averty
D G F Thompson (appointed 1 January 2017)

Future developments

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

Claverley Holdings Limited

Directors' Report (continued) For the Period Ended 30 December 2017

Financial instruments

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

The UK operations are financed by facilities provided by Lloyds Bank including an overdraft facility of £1.5m (31 December 2016 - £1.5m) due for renewal in July 2018. In October 2017, upon maturity of its previous fixed term loan, the group entered into a new 5 year fixed term loan of £7m with Lloyds Bank until October 2022. The UK group also has a receivables finance agreement with Lloyds Bank Commercial Finance to provide additional working capital facilities of up to £6m, which is due for renewal in July 2018.

The Channel Island operations are financed by facilities provided by HSBC including an overdraft facility of £0.5m (31 December 2016 - £0.5m) due for renewal in July 2018. The group also has two term loans; the first is for £1.4m (31 December 2016 - £3.7m) until June 2019. An additional repayment of £1m was made on this loan in September 2017. The second loan is for £0.8m (31 December 2016 - £0.9m) until May 2022. Specific enquiries have been made of the company's bankers who have confirmed that their expectations are that at July 2018 the facilities will be extended on similar terms.

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

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

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

Research and development

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

Employee participation

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

Employment of disabled people

The group supports the principle of employing disabled people wherever possible, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

Claverley Holdings Limited

Directors' Report (continued) For the Period Ended 30 December 2017

Disclosure of information to auditor

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

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

Post balance sheet events

Since the balance sheet date the Group has acquired 80% of Kennedy Publishing Limited on 03 April 2018 with an option to acquire the other 20% after 12 months.

Auditor

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

This report was approved by the board on 26 April 2018 and signed on its behalf.



R M Cross
Director

Claverley Holdings Limited

Directors' Responsibilities Statement

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

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

In preparing these financial statements the directors are required to:

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

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

Claverley Holdings Limited

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

Opinion

We have audited the financial statements of Claverley Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the period ended 30 December 2017 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 30 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Claverley Holdings Limited

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

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.

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.

Claverley Holdings Limited

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

Auditor's responsibilities for the audit of the financial statements

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.

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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



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

26 April 2018

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 30 December 2017

		52 weeks ended 30 December 2017 £'000	52 weeks ended 30 December 2017 £'000	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000	52 weeks ended 31 December 2016 £'000	52 weeks ended 31 December 2016 £'000
		Before exceptional items, depreciation, amortisation and impairment	Exceptional items depreciation, amortisation, and impairment	Total	Before exceptional items, depreciation, amortisation and impairment	Exceptional items depreciation, amortisation, and impairment	Total
	Note						
Turnover	4	87,711	-	87,711	90,739	-	90,739
Net operating expenses	5	(79,162)	(7,724)	(86,886)	(81,982)	(8,666)	(90,648)
Operating profit		8,549	(7,724)	825	8,757	(8,666)	91
Interest receivable and similar income	10	51	-	51	1,384	-	1,384
Interest payable and similar expenses	11	(425)	-	(425)	(500)	-	(500)
Other finance costs	12	(960)	-	(960)	(1,050)	-	(1,050)
Loss before tax		7,215	(7,724)	(509)	8,591	(8,666)	(75)
Tax on loss	13	(271)	-	(271)	3,388	-	3,388
(Loss)/profit for the financial period		6,944	(7,724)	(780)	11,979	(8,666)	3,313

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Comprehensive Income For the Period Ended 30 December 2017

		52 weeks ended 30 December 2016 £'000	52 weeks ended 31 December 2016 £'000
	Note		
(Loss)/profit for the financial period		(780)	3,313
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes	30	20,670	(10,200)
Movement on deferred tax relating to pension (gains)/losses	25	(2,652)	422
Other comprehensive income/(loss) for the period		18,018	(9,778)
Total comprehensive income/(loss) for the period		17,238	(6,465)
(Loss)/profit for the period attributable to:			
Non-controlling interest		3	42
Owners of the parent Company		(783)	3,271
		(780)	3,313
Total comprehensive income/(loss) attributable to:			
Non-controlling interest		3	42
Owners of the parent Company		17,235	(6,507)
		17,238	(6,465)

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited
Registered number: 08114933

Consolidated Statement of Financial Position
As at 30 December 2017

		30 December 2017 £'000	31 December 2016 £'000
	Note		
Fixed assets			
Intangible assets	14	14,597	16,925
Tangible assets	15	29,481	31,229
Investments	17	150	370
Investment property	16	2,552	2,722
		<u>46,780</u>	<u>51,246</u>
Current assets			
Stocks	18	3,216	2,791
Debtors: amounts falling due after more than one year	19	4,382	6,577
Debtors: amounts falling due within one year	19	16,915	17,832
Cash at bank and in hand	20	4,796	2,857
		<u>29,309</u>	<u>30,057</u>
Creditors: amounts falling due within one year	21	(16,472)	(20,076)
Net current assets		<u>12,837</u>	<u>9,981</u>
Total assets less current liabilities		<u>59,617</u>	<u>61,227</u>
Creditors: amounts falling due after more than one year	22	(8,120)	(3,906)
Provisions for liabilities			
Other provisions	26	(1,342)	(1,430)
		<u>(1,342)</u>	<u>(1,430)</u>
Net assets excluding pension liability		<u>50,155</u>	<u>55,891</u>
Pension liability	30	(14,420)	(37,170)
Net assets		<u><u>35,735</u></u>	<u><u>18,721</u></u>

Claverley Holdings Limited
Registered number:08114933

Consolidated Statement of Financial Position (continued)
As at 30 December 2017

		30 December 2017 £000	31 December 2016 £000
	Note		
Capital and reserves			
Called up share capital	28	945	945
Profit and loss account	27	34,790	17,555
Equity attributable to owners of the parent Company		35,735	18,500
Non-controlling interests		-	221
		35,735	18,721

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2018.



.....
R M Cross
Director

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited
Registered number: 08114933

Company Statement of Financial Position
As at 30 December 2017

	Note	30 December 2017 £'000	31 December 2016 £'000
Fixed assets			
Investments	17	35,677	24,526
		<u>35,677</u>	<u>24,526</u>
Creditors: amounts falling due within one year	21	-	(45)
Net current assets/(liabilities)		<u>-</u>	<u>(45)</u>
Total assets less current liabilities		<u>35,677</u>	<u>24,481</u>
Creditors: amounts falling due after more than one year	22	(11,996)	(33,839)
Net assets excluding pension liability		<u>23,681</u>	<u>(9,358)</u>
Net assets/(liabilities)		<u><u>23,681</u></u>	<u><u>(9,358)</u></u>
Capital and reserves			
Called up share capital	28	945	945
Profit and loss account	27	22,736	(10,303)
		<u><u>23,681</u></u>	<u><u>(9,358)</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the period was £33,039,000 (31 December 2016 - £7,475,000 (loss)).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2018.

.....
R M Cross
Director

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited

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

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000
At 1 January 2017	945	17,555	18,500	221	18,721
Comprehensive income for the period					
Loss for the period	-	(783)	(783)	3	(780)
Actuarial gains on pension scheme net of deferred tax	-	18,018	18,018	-	18,018
Total comprehensive income for the period	-	17,235	17,235	3	17,238
Contributions by and distributions to owners					
Change in non controlling interest holding	-	-	-	(224)	(224)
Total transactions with owners	-	-	-	(224)	(224)
At 30 December 2017	945	34,790	35,735	-	35,735

Claverley Holdings Limited

Consolidated Statement of Changes in Equity For the Period Ended 31 December 2016

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	945	24,062	25,007	210	25,217
Comprehensive income for the period					
Profit for the period	-	3,271	3,271	42	3,313
Actuarial losses on pension scheme	-	(9,778)	(9,778)	-	(9,778)
Total comprehensive income for the period	-	(6,507)	(6,507)	42	(6,465)
Contributions by and distributions to owners					
Change in non controlling interest holding	-	-	-	(31)	(31)
Total transactions with owners	-	-	-	(31)	(31)
At 31 December 2016	945	17,555	18,500	221	18,721

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited

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

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

Company Statement of Changes in Equity For the Period Ended 31 December 2016

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

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited

Consolidated Statement of Cash Flows For the Period Ended 30 December 2017

	30 December 2017 £'000	31 December 2016 £'000
Cash flows from operating activities		
(Loss)/profit for the financial period	(780)	3,313
Adjustments for:		
Amortisation of intangible assets	2,691	3,983
Depreciation of tangible assets	3,684	3,686
Revaluation of investment property	-	20
Profit on disposal of tangible assets	(148)	(148)
Interest paid	425	500
Interest received	(51)	(1,384)
Taxation charge	271	(3,388)
(Increase) in stocks	(425)	(84)
Decrease in debtors	213	390
(Decrease) in creditors	(714)	(1,398)
(Decrease) in provisions	(88)	(160)
Difference between employer contributions to pension scheme and charge to income statement	(2,080)	(1,060)
Impairment of investment	430	-
Corporation tax (paid)	(1,757)	(26)
Net cash generated from operating activities	1,671	4,244
Cash flows from investing activities		
Purchase of intangible fixed assets	(363)	(667)
Purchase of tangible fixed assets	(1,946)	(1,755)
Sale of tangible fixed assets	165	201
Purchase of investment properties	-	(136)
Sale of investment properties	163	190
Purchase of fixed asset investments	(210)	(370)
Interest received	33	3
Net cash from investing activities	(2,158)	(2,534)

Claverley Holdings Limited

Consolidated Statement of Cash Flows (continued) For the Period Ended 30 December 2017

	30 December 2017 £000	31 December 2016 £000
Cash flows from financing activities		
New secured loans	7,000	1,000
Repayment of loans	(4,989)	(2,871)
Interest paid	(370)	(408)
Acquisition of share in non controlling interest	(224)	(31)
Net cash used in financing activities	1,417	(2,310)
Net increase/(decrease) in cash and cash equivalents	930	(600)
Cash and cash equivalents at beginning of period	1,709	2,309
Cash and cash equivalents at the end of period	2,639	1,709
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	4,796	2,857
Bank overdrafts	(2,157)	(1,148)
	2,639	1,709

The notes on pages 20 to 56 form part of these financial statements.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

1. General information

Claverley Holdings Limited is a private company incorporated in England under the Companies Act 2006. The address of the registered office is shown on the company information page. The nature of the group's operations and its principal activities is shown in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Parent company disclosure exemptions

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

- No cash flow statement has been presented for the parent company;
- No statement of comprehensive income has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group' as a whole.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.4 Fundamental accounting concept

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

2.5 Revenue

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

Publishing and printing - Advertising

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

Publishing and printing - Circulation

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

Publishing and printing - Commercial printing

Revenue is recognised upon despatch of goods.

Technology

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

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

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.6 Intangible assets

Development costs

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

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

In such circumstances the costs are carried forward and amortised over 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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

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

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

The estimated useful lives range as follows:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'net operating expenses' in the Statement of Comprehensive Income.

2.8 Operating leases

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

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

2.9 Impairment of fixed assets and goodwill

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.10 Investment property

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

2.11 Valuation of investments

Investments 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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Impairment of financial assets carried at amortised cost

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

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

Financial liabilities

Financial liabilities comprise bank overdrafts, bank loans, trade creditors, other creditors, 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 Related party transactions

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

2.16 Interest income

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

2.17 Foreign currency translation

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

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

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

Defined benefit pension plan

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

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

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

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

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

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

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

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

2. Accounting policies (continued)

2.18 Pensions (continued)

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

2.19 Dividends

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

2.20 Onerous lease provision

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

2.21 Exceptional items

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

2.22 Borrowing costs

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

2.23 Provisions for liabilities

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

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

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

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 £13,810,000 (31 December 2016 - £37,170,000), comprising assets of £297,130,000 (31 December 2016 - £285,380,000) and liabilities of £310,940,000 (31 December 2016 - £322,050,000). These liabilities represent the costs expected to be incurred in making payments to current and past employees who are members of the scheme.

The valuation of the pension scheme liability is determined on an actuarial basis using the projected unit method discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in note 30.

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

B. Property valuations

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

C. Onerous lease provision

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

D. Intangible fixed assets

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

3. Judgements in applying accounting policies (continued)

E. Carrying value of intangible assets

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

4. Turnover

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

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Publishing and printing	85,871	89,010
Technology	1,840	1,729
	87,711	90,739

Analysis of turnover by country of destination:

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
United Kingdom	69,247	71,031
Rest of Europe	18,302	19,629
Rest of the world	162	79
	87,711	90,739

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

5. Net operating expenses

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Purchases of goods for resale	-	3,869
Staff costs (note 8)	37,310	36,871
Raw materials and consumables	29,509	26,342
Other operating charges	12,343	14,900
Depreciation of tangible fixed assets	3,684	3,686
Amortisation and impairment of intangible fixed assets	2,691	3,983
Exceptional items	1,349	997
	86,886	90,648

Included within net operating expenses is net exceptional costs of £919,000 (31 December 2016 - costs of £997,000). This relates to severance payments of £919,000 (31 December 2016 - £853,000), a write off of stock £Nil (31 December 2016 - £124,000) and an impairment of £430,000 (31 December 2016 - £20,000). Exceptional items, depreciation, amortisation and impairment total £7,724,000 (31 December 2016 - £8,666,000).

6. Operating profit

The operating profit is stated after charging:

	52 weeks ended 30 December 2017 £000	52 weeks ended 31 December 2016 £000
(Profit)/loss on disposal of fixed assets	(148)	(148)
Operating lease costs	1,255	1,271
Defined contribution pension cost	1,964	1,687
Defined benefit pension (credit)/cost	(700)	280

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

7. Auditor's remuneration

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	11	10
	<u>11</u>	<u>10</u>
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group	74	73
Other services relating to taxation	137	38
All other services	64	130
	<u>275</u>	<u>241</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

8. Employees

Staff costs (including directors) were as follows:

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Wages and salaries	32,396	31,665
Social security costs	2,590	2,959
Cost of defined benefit scheme	360	280
Cost of defined contribution scheme	1,964	1,967
	37,310	36,871

In addition to the above, exceptional severance costs of £919,000 (31 December 2016 - £853,000) were incurred, see note 5.

The results for the current period also include a past service defined benefit pension credit of £1,060,000 (31 December 2016 - £Nil) in respect of a pension increase exchange exercise.

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

	52 weeks ended 30 December 2017 No.	52 weeks ended 31 December 2016 No.
Publishing and printing	830	898
Technology	39	45
Administration	15	15
	884	958

The company did not incur staff costs during the period (31 December 2016 - £Nil). The average monthly number of employees in the company, including the directors, during the period was as Nil (31 December 2016 - Nil).

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

9. Directors' remuneration

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Directors' emoluments	1,398	1,423
Company contributions to money purchase pension schemes	96	95
	<u>1,494</u>	<u>1,518</u>

There were no directors in the group's defined benefit pension scheme (31 December 2016 - Nil). There were 4 directors in the group's defined contribution pension scheme (31 December 2016 - 4) during the period. Contributions were paid to an external pension scheme during the period on behalf of 1 director (31 December 2016 - 1).

The total amount payable to the highest paid director in respect of emoluments was £423,741 (31 December 2016 - £489,660). Company pension contributions of £Nil (31 December 2016 - £Nil) were made to a defined contribution scheme on their behalf.

10. Interest receivable

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Other interest	-	1,342
Bank deposits	51	42
	<u>51</u>	<u>1,384</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

11. Interest payable and similar charges

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Bank loan and overdraft interest payable	351	447
Amortisation of loan arrangement fee	74	53
	<u>425</u>	<u>500</u>

12. Other finance costs

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Net interest on net defined benefit liability	(960)	(1,050)
	<u>(960)</u>	<u>(1,050)</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

13. Taxation

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Corporation tax		
Adjustments in respect of previous periods	-	(3,711)
	<u>-</u>	<u>(3,711)</u>
Foreign tax		
Foreign tax on income for the year	24	26
	<u>24</u>	<u>26</u>
Total current tax	<u>24</u>	<u>(3,685)</u>
Deferred tax		
Origination and reversal of timing differences	215	67
Changes to tax rates	-	366
Adjustments in respect of previous periods	32	(136)
	<u>247</u>	<u>297</u>
Total deferred tax	<u>247</u>	<u>297</u>
Taxation on loss on ordinary activities	<u>271</u>	<u>(3,388)</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

13. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Loss on ordinary activities before tax	(509)	(75)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(98)	(15)
Effects of:		
Expenses not deductible for tax purposes	313	664
Adjustments in respect of prior periods	32	(3,847)
Effect of change in tax rate	(378)	316
Exempt income not chargeable to tax	(22)	(24)
Deferred tax not recognised	(7)	92
Differences between UK and overseas tax rate	71	(206)
Defined benefit pension adjustment	360	(340)
R&D expenditure credits	-	(28)
Total tax charge/(credit) for the period	271	(3,388)

Factors that may affect future tax charges

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

14. Intangible assets

Group

	Development costs £'000	Mastheads £'000	Goodwill £000	Total £'000
Cost				
At 1 January 2017	3,029	51,327	-	54,356
Additions	287	-	76	363
At 30 December 2017	3,316	51,327	76	54,719
Amortisation				
At 1 January 2017	1,003	36,428	-	37,431
Charge for the year	223	2,460	8	2,691
At 30 December 2017	1,226	38,888	8	40,122
Net book value				
At 30 December 2017	2,090	12,439	68	14,597
At 31 December 2016	2,026	14,899	-	16,925

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

15. Tangible fixed assets

Group

	Land and buildings £000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 January 2017	27,175	94,971	7,420	129,566
Additions	208	1,443	295	1,946
Disposals	-	(1,251)	(13)	(1,264)
Transfers between classes	(158)	293	(135)	-
At 30 December 2017	27,225	95,456	7,567	130,248
Depreciation				
At 1 January 2017	11,717	80,126	6,494	98,337
Charge for the period	309	3,084	291	3,684
Disposals	-	(1,241)	(13)	(1,254)
At 30 December 2017	12,026	81,969	6,772	100,767
Net book value				
At 30 December 2017	15,199	13,487	795	29,481
At 31 December 2016	15,458	14,845	926	31,229

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

	30 December 2017 £'000	31 December 2016 £'000
Short leasehold	14	21
Freehold	15,185	15,437
	15,199	15,458

The aggregate amount of capital expenditure for the Group authorised and contracted for by the Directors at 30 December 2017 was £Nil (31 December 2016 - £306,000). There were no capital commitments for the company at the end of the current or prior period.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

16. Investment property

Group

	Freehold investment property £'000
Valuation	
At 1 January 2017	2,722
Disposals	(170)
At 30 December 2017	2,552

The group's investment properties are valued at fair value, based on periodic assessment by an independent, professionally qualified valuer which is updated in intervening years by the directors. The last full valuation was carried out on 31 December 2015, the valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. For properties which have been sold in the year or shortly after the year end, the market value has been utilised as the valuation method.

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

	30 December 2017 £'000	31 December 2016 £'000
Historic cost	1,537	1,569
Accumulated depreciation and impairments	(493)	(476)
	1,044	1,093

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

17. Fixed asset investments

Group

	Other investments £000
Valuation	
At 1 January 2017	370
Additions	210
At 30 December 2017	<u>580</u>
Impairment	
Charge for the period	430
At 30 December 2017	<u>430</u>
Net book value	
At 30 December 2017	<u><u>150</u></u>
At 31 December 2016	<u><u>370</u></u>

In the prior period the group invested in a newly established undertaking called K P Services (Jersey) Limited which performs certain printing operations in the Channel Islands. The group initially invested £0.4m in respect of equipment and cash in exchange for a 7% stake in the business and also provided the company with a loan of £0.7m. During the period an additional 117 shares were acquired for £60,000, the investment was subsequently fully impaired.

During the period the group also purchased 55,518 shares of £0.000001 in Picfair Limited.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

17. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

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

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

17. Fixed asset investments (continued)

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

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

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

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

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

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2017	31,200
Additions	35,737
Disposals	(29,400)
At 30 December 2017	<u>37,537</u>
Impairment	
At 1 January 2017	6,674
Charge for the period	1,860
Impairment on disposals	(6,674)
At 30 December 2017	<u>1,860</u>
Net book value	
At 30 December 2017	<u>35,677</u>
At 31 December 2016	<u>24,526</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

18. Stocks

	Group 30 December 2017 £'000	Group 31 December 2016 £'000	Company 30 December 2017 £'000	Company 31 December 2016 £'000
Raw materials and consumables	2,177	2,063	-	-
Work in progress	872	542	-	-
Finished goods and goods for resale	167	186	-	-
	3,216	2,791	-	-

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 £551,928 (31 December 2016 - £364,981).

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

19. Debtors

	Group 30 December 2017 £000	Group 31 December 2016 £000	Company 30 December 2017 £000	Company 31 December 2016 £000
Due after more than one year				
Other debtors	704	-	-	-
Deferred tax asset	3,678	6,577	-	-
	<u>4,382</u>	<u>6,577</u>	<u>-</u>	<u>-</u>
	Group 30 December 2017 £'000	Group 31 December 2016 £'000	Company 30 December 2017 £'000	Company 31 December 2016 £'000
Due within one year				
Trade debtors	11,855	12,204	-	-
Other debtors	2,308	3,022	-	-
Prepayments and accrued income	2,752	2,606	-	-
	<u>16,915</u>	<u>17,832</u>	<u>-</u>	<u>-</u>

The impairment loss recognised in the group statement of comprehensive income for the period in respect of bad and doubtful trade debtors was £5,890 (31 December 2016 - £5,604).

20. Cash and cash equivalents

	Group 30 December 2017 £000	Group 31 December 2016 £000	Company 30 December 2017 £000	Company 31 December 2016 £000
Cash at bank and in hand	4,796	2,857	-	-
Less: bank overdrafts	(2,157)	(1,148)	-	-
	<u>2,639</u>	<u>1,709</u>	<u>-</u>	<u>-</u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

21. Creditors: Amounts falling due within one year

	Group 30 December 2017 £'000	Group 31 December 2016 £'000	Company 30 December 2017 £'000	Company 31 December 2016 £'000
Bank overdrafts	2,157	1,148	-	-
Bank loans (note 23)	1,930	4,120	-	-
Trade creditors	6,812	5,707	-	-
Amounts owed to group undertakings	-	-	-	45
Corporation tax	55	1,788	-	-
Other taxation and social security	1,172	1,132	-	-
Other creditors	1,381	1,907	-	-
Accruals and deferred income	2,965	4,274	-	-
	16,472	20,076	-	45

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

	Group 30 December 2017 £'000	Group 31 December 2016 £'000	Company 30 December 2017 £'000	Company 31 December 2016 £'000
Bank loans (note 23)	7,252	3,051	-	-
Amounts owed to parent and subsidiary undertakings	-	-	11,141	32,984
Other creditors	13	-	-	-
9.21% preference shares	855	855	855	855
	8,120	3,906	11,996	33,839

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.

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

23. Loans and overdrafts

Maturity of debt:

	Group 30 December 2017 £'000	Group 31 December 2016 £'000	Company 30 December 2017 £'000	Company 31 December 2016 £'000
Amounts falling due within one year				
Bank loans and overdrafts	1,930	4,120	-	-
Amounts falling due 1-2 years				
Bank loans	2,002	1,594	-	-
Amounts falling due 2-5 years				
Bank loans	2,625	1,457	-	-
Amounts falling due after more than 5 years				
Bank loans	2,625	-	-	-
	9,182	7,171	-	-

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

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

24. Financial instruments

	Group 30 December 2017 £000	Group 31 December 2016 £000	Company 30 December 2017 £000	Company 31 December 2016 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	19,663	18,083	-	-
	<u>19,663</u>	<u>18,083</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(22,230)	(20,064)	(11,141)	(33,029)
	<u>(22,230)</u>	<u>(20,064)</u>	<u>(11,141)</u>	<u>(33,029)</u>

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

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

25. Deferred taxation

Group

	£000
At 1 January 2017	6,577
Charged to profit or loss	(247)
Credited to other comprehensive income	(2,652)
Utilised in year	-
At 30 December 2017	<u><u>3,678</u></u>

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

25. Deferred taxation (continued)

	Group 30 December 2017 £000
Accelerated capital allowances	2,444
Sundry timing differences	27
Pension surplus	1,207
	<u>3,678</u>

26. Provisions

Group

	Dilapidation provision £'000	Other provision £'000	Onerous lease provision £'000	Total £'000
At 1 January 2017	482	-	948	1,430
Utilised	(73)	-	(120)	(193)
Charged to profit or loss	61	44	-	105
At 30 December 2017	<u>470</u>	<u>44</u>	<u>828</u>	<u>1,342</u>

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

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

27. Reserves

Profit and loss account

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

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

28. Share capital

	30 December 2017 £'000	31 December 2016 £'000
Shares classified as equity		
Allotted, called up and fully paid		
900,000 Ordinary shares of £1 each	900	900
900,000 Voting shares of £0.05 each	45	45
	<u>945</u>	<u>945</u>

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

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

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 30 December 2017, the contingent liability relating to the cross guarantee amounted to £6.0m (31 December 2016 - £3.7m).

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

30. Pension commitments

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

Defined Contribution Schemes

The Claverley Holdings Group operates various defined contribution pension schemes for employees. The total pension cost for the year amounted to £1,964,000 (31 December 2016 - £1,687,000) which represents contributions payable to the fund.

Defined benefit schemes

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

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

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

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

	Scheme A	Scheme C	Scheme D
Valuation date	05.04.2017	24.12.2016	01.01.2017
Actuarial method	Projected Unit	Attained Age	Projected Unit
Market value of assets	£230.2m	£24.3m	£12.5m
Funding level	93.1%	92%	80%

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

30. Pension commitments (continued)

	30 December 2017 £'000	31 December 2016 £'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	322,550	279,040
Current service cost	330	280
Interest cost	8,520	10,680
Actuarial gains/(losses)	(5,980)	42,960
Contributions by participants	160	190
Benefits paid	(13,580)	(10,600)
Past service credit	(1,060)	-
At the end of the year	310,940	322,550
Composition of plan liabilities:		
	30 December 2017 £'000	31 December 2016 £'000
Schemes wholly or partly funded	(310,940)	(322,550)
Total plan liabilities	(310,940)	(322,550)

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

30. Pension commitments (continued)

Reconciliation of present value of plan assets:

	30 December 2017 £'000	31 December 2016 £'000
At the beginning of the year	285,380	251,010
Interest income	7,560	9,630
Actuarial gains/(losses)	15,300	32,760
Contributions by employer	2,340	2,580
Benefits paid	(13,580)	(10,600)
Contributions by participants	160	-
Expenses	(30)	-
At the end of the year	297,130	285,380

The actual return on plan assets is £22,860,000 (31 December 2016 - £42,390,000).

Composition of plan assets:

	30 December 2017 £'000	31 December 2016 £'000
European equities	7,860	7,094
European bonds and gilts	174,790	172,323
Property	1,700	2,890
Cash and other	112,780	103,073
Total plan assets	297,130	285,380

	30 December 2017 £'000	31 December 2016 £'000
Fair value of plan assets	297,130	285,380
Present value of plan liabilities	(310,940)	(322,550)
Derecognition of surplus	(610)	-
Net pension scheme liability	(14,420)	(37,170)

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

30. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	30 December 2017 £'000	31 December 2016 £'000
Past service credit	1,060	-
Current service cost and expenses	(360)	(280)
Interest on net liability	(960)	(1,050)
Total	(260)	(1,330)

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £23,730,000 (31 December 2016 - £44,400,000).

The Group expects to contribute £1,700,000 to its Defined benefit pension scheme in 2018

	30 December 2017 £'000	31 December 2016 £'000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	15,300	32,760
Experience gains and losses arising on the scheme liabilities	3,070	4,370
Changes in assumptions underlying the present value of the scheme liabilities	2,300	(47,330)
	20,670	(10,200)

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

30. Pension commitments (continued)

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

	30 December 2017	31 December 2016
Pension scheme A		
Discount rate	2.55 %	2.70 %
RPI inflation	3.15 %	3.30 %
CPI inflation	2.05 %	2.20 %
Mortality rates		
- for a male aged 65 now	20.6	20.8
- at 65 for a male aged 45 now	22.4	23.1
- for a female aged 65 now	22.2	22.5
- at 65 for a female member aged 45 now	24.0	24.9
Pension scheme C		
Discount rate	2.70 %	3.90 %
Rate of compensation increase	3.00 %	3.40 %
RPI inflation	3.50 %	3.40 %
Mortality rates		
- for a male aged 65 now	22.2	22.5
- at 65 for a male aged 45 now	23.8	24.8
- for a female aged 65 now	24.0	24.6
- at 65 for a female member aged 45 now	25.7	27.1
Pension scheme D		
Discount rate	2.70 %	3.90 %
Rate of compensation increase	3.50 %	3.40 %
RPI inflation	3.50 %	3.40 %
Mortality rates		
- for a male aged 65 now	22.1	22.5
- at 65 for a male aged 45 now	23.7	24.8
- for a female aged 65 now	24.2	24.6
- at 65 for a female member aged 45 now	25.9	27.1

Claverley Holdings Limited

Notes to the Financial Statements For the Period Ended 30 December 2017

31. Commitments under operating leases

At 30 December 2017 the group had future minimum lease payments under non-cancelable operating leases as follows:

	30 December 2017 £'000	31 December 2016 £'000
Not later than 1 year	1,510	1,601
Later than 1 year and not later than 5 years	4,413	3,355
Later than 5 years	389	339
	<u>6,312</u>	<u>5,295</u>

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

32. 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 £1,685,049 (31 December 2016 - £1,859,461).

33. Controlling party

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