Registered number: 08114933

CLAVERLEY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

CLAVERLEY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A B Graham E A Graham S A Graham T W Graham P S Meier
Company secretary	G W Evers
Registered number	08114933
Registered office	51-53 Queen Street Wolverhampton West Midlands WV1 1ES
Independent auditors	Cooper Parry Group Limited Statutory Auditor Cubo Work 2 Chamberlain Square Birmingham B3 3AX

CLAVERLEY HOLDINGS LIMITED

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CLAVERLEY HOLDINGS LIMITED

GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022

The Directors present their Strategic report together with the audited financial statements for the 52 week period ended 31 December 2022.

Business model

The principal activity of the company is as parent to a group of companies operating in newspapers and magazine publishing, digital media and design, commercial printing, IT systems and services, print management and procurement services and business-to-business marketing and events management.

Group business review

As part of the group strategy to reduce its reliance on newspaper publishing and diversify risk for the shareholders the Jersey Evening Post, which had been owned by the group since 2004, was sold in October 2022. This follows the sale of the Guernsey Press in 2019.

In January 2023 the company completed the acquisition of Signature Publishing Limited, in order to enhance its growing position in the children's magazine publishing sector. This is the group's fourth acquisition since 2018 as it continues to deliver on its diversification strategy.

In its first year under Claverley ownership, HPCi Media Limited has delivered year on year revenue growth. Digital and print advertising revenues have been maintained whilst event management revenues have increased by 15%. A key highlight, was the successful launch of the Cleanroom Technology conference in Singapore. The company's growing and internationally diverse customer base means it is well placed to build on this success across its Cosmetics and Beauty, Pharmaceutical, Nutraceutical, Cleanroom and Healthcare brands in 2023.

Kennedy Enterprises Limited, a leading children's magazine publisher, continued to develop magazine portfolios to attract the widest possible audience with compelling content and innovative gifts for the children's magazine sector across the UK and overseas export territories. Throughout the year, investment in the team, the management structure and the launch of several new titles delivered successful trading results that met the company's expectations.

Cubiquity Limited, a print management and procurement service business, delivered significant growth throughout 2022. This was achieved through investment in sales resource and infrastructure to ensure the company was well placed to deliver a high level of new business sales and organic growth. The company finished 2022 having successfully acquired new client contracts across its print and creative design departments, which provides the directors with full confidence that there will be further turnover growth in 2023.

The publishing business has continued to develop print and digital portfolios to attract the widest possible audience, creating compelling opportunities for advertisers across the West Midlands and Shropshire. Throughout the year investment in both print and digital products was balanced alongside increased efficiencies and cost management. The MNA continues to make good progress with its digital marketing services offering and has recorded significant and sustainable growth throughout 2022.

The commercial printing business, PCP, achieved substantial year-on-year turnover growth of 27% as demand returned following the significant downturn during the COVID-19 pandemic. The ongoing restructuring of the web offset market also helped alleviate pressure on sales. PCP has placed even greater focus on process improvements and cost management programmes, as well as increasing turnover from waste material. Investment in production equipment has continued to be made, with particular emphasis on energy reduction.

However, PCP has been adversely impacted by the increased cost of wholesale energy. The company had to introduce an energy surcharge mechanism, which passed on the exceptional increases in energy costs to its customers. In addition, there were unprecedented paper shortages in the second quarter of the year which resulted in significant price increases. The company engaged in discussions with its suppliers to secure stock at the best possible price and customers in order to mitigate the impact of price increases and manage expectations on availability.

PCS, IT systems and services business, continues to invest in developing and supporting its portfolio of products. During 2022 the company implemented three further advertising systems which built on the success of 2021. Upgrade plans to existing advertising customers will mean that there is a strong pipeline of activity in 2023.

Principal risks and uncertainties

The company acknowledges there are risks and uncertainties from increasing inflationary pressures. Most notably, energy wholesale prices rose to unprecedented levels during 2022. This has placed significant pressures on parts of the group. The group actively engages with its energy broker to forward buy appropriate amounts of gas and electricity several months in advance and therefore has been able to mitigate some of the impact of the price increases. However, PCP was forced to introduce an energy surcharge mechanism, which passed on the exceptional increases in energy costs to its customers. This was done in a transparent and fair manner with clear communications being sent out in advance of the surcharges being implemented.

The company continually monitors costs and reduces exposure to price fluctuations for key consumables such as paper, newsprint and ink by establishing robust supply contracts and developing collaborative relationships with key suppliers. The group has also reduced its exposure to currency volatility by using flexible financial derivatives to hedge its USD position on the purchase of Chinese goods.

Outlook

The diversification of the group has meant that the group has been well placed to deal with market disruptions and uncertainties caused by ongoing inflationary pressures. It has meant that group's trading performance has exceeded budgeted expectations and maintained sufficient funds to complete the acquisition of Signature Publishing and to continue pursuing further acquisition targets in 2023. A strong start to 2023 has already been made which should see the group deliver year-on-year underlying profit growth across its UK subsidiaries.

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 wherever possible as well as reducing secondary packaging and improving the recyclability of its products.

Financial key performance indicators

At group level the performance of subsidiaries is monitored on a monthly basis. The key performance indicators include turnover, operating profits and sustaining the group's consolidated net asset position.

The year-on-year recovery on turnover and operating profit is clearly demonstrated below. The net asset movement has also significantly improved as a result of the FRS 102 pension deficit movement (see note 33).

	52 week period ended 31 December 2022 £000	**52 week period ended 1 January 2022 £000**
Turnover	115,068	91,784
Operating profit before exceptional items, depreciation, amortisation and impairment.	7,331	6,110
Consolidated Net Assets	40,341	24,148

Section 172 Statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, have acted in a way that they consider, in good faith, promotes the success of the group for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term.

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.

Diversification through Sales and Acquisition

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 Jersey Evening Post (JEP) which had been owned by the group since 2004. This follows the sale of the Guernsey Press which the group completed in 2019. The sale of the JEP was completed in October 2022. It was important to Claverley Group that following the sale process the JEP 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 written 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.

The acquisition of Signature Publishing was completed in January 2023. The acquisition expands the group's children magazine portfolio and will strengthen the group's underlying trading position and cash generation. Further acquisitions will be sought in 2023 in order to enhance the long-term strength of the group, whilst also maintaining significant cash and facilities headroom in the event of further economic uncertainties.

Environment

The group takes its environmental responsibilities seriously and recognises that business activities inevitably have an impact on the natural environment. In particular, the directors continue to make decisions that ensure Kennedy Enterprises is committed to minimising its environmental impact. In 2022 Kennedy achieved a 25% reduction in plastic bag usage and a 15% reduction in plastic toy production. In addition, imported plastic packaging has been reduced by 38% year-on-year. Kennedy continues to work productively with its suppliers to reduce the quantity of packaging which also reduces the environmental impact of the transportation and distribution of its products.

Kennedy's copy and gift reuse programme has been extended to 40% of the portfolio, helping to reduce wastage by reusing gifts within the supply chain, or supplying unsold copies to overseas territories. Investment in a new supply management tool has also enabled larger retailers to be re-supplied as they begin to sell out of existing copies. This means initial supplies are lower, and resupplied from a small central pool, which results in less wastage and more efficient use of retail space for retailers.

In addition, Cubiquity, has taken every opportunity to make more sustainable choices. This is evidenced in working with the World Land Trust and the Woodland Trust to reduce and offset their carbon emissions. By working in collaboration with their customers the company has carbon balanced 277,694kgs of paper in 2022, offsetting 278 tonnes of CO2 Emissions and helping to protect 56,708 square metres of tropical forests.

Section 172 Statement (continued)

Energy Cost Increases

Energy wholesale prices rose to unprecedented levels during 2022. The group manages its energy risk by actively engaging with its energy broker to forward buy appropriate amounts of gas and electricity several months in advance and therefore has been able to mitigate some of the impact of the price increases. However, after careful consideration, the PCP directors were forced to introduce an energy surcharge mechanism, which passed on the exceptional increases in energy costs to its customers. This was done in a transparent and fair manner with clear communications being sent out in advance of the surcharges being implemented.

To help reduce its energy consumption, PCP has implemented a series of capital projects to reduce energy consumption. These projects include installing advanced LED lighting across the site and installing heat exchangers. These capital projects should reduce the company's total annual energy costs by 5%

Sale of Buildings

Historically the MNA has printed its own titles, at one time operating three press centres but latterly with only a single operation at Ketley, Telford. Following the decision to fully outsource printing in July 2021, the MNA senior management team began the process of marketing the Ketley building as it was no longer fit for purpose. After undertaking a robust sealed bid process the building was sold in July 2022.

In parallel with the sales process a key objective of the MNA management team was to identify modern and fully refurbished office accommodation that would provide employees with an excellent working environment and with the necessary car parking facilities. Following a comprehensive review of available office-space the MNA decided upon leasing Grosvenor House, based in the heart of Telford. This modern office facility has significantly reduced MNA's maintenance expenditure and energy consumption. Feedback from employees on the new 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 MNA's readers to continue to receive high quality print and digital output.

This report was approved by the board on 25 May 2023 and signed on its behalf.

DocuSigned by:
Thomas Graham
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T W Graham
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the period ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 and disclose with reasonable accuracy at any time the financial position of the company and the group 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.

Results and dividends

The profit for the 52 week period, after taxation, amounted to £1,661,000 (52 week period ended 1 January 2022: loss of £1,363,000).

A dividend of £Nil was paid during the 52 week period (52 week period ended 1 January 2022: £Nil). The directors do not propose the payment of a final dividend.

Directors

The directors who served during the period were:

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

Financial instruments

The company is financed by a combination of loans from other group companies and the group's bankers, as highlighted in note 31. These facilities were made available to the company to meet its day to day working capital requirements. The £1.5m overdraft facility with Lloyds Bank was renewed in November 2022. In September 2018, the group repaid its previous fixed term loan and entered into a new 5 year fixed term loan of £7.25m with Lloyds Bank until September 2023. This term loan was amended in November 2022 following an early repayment of £1.25m in October 2022. As at 31 December 2022 the outstanding term loan balance was £0.25m.

The group also has a receivables finance agreement with Lloyds Bank Plc to provide additional working capital facilities of up to £4.5m, which was renewed in May 2019.

The group's forecasts and projections, taking into account of changes in trading performance, show that the group will be able to continue operating well within the level of its current facilities.

Research and development activities

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 company and to provide other general information. Annual staff surveys are also undertaken to provide management with valuable feedback from employees. The company is proud of its employment policies and of the guidance it gives to those approaching retirement.

Employment of disabled people

The company 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.

Streamlined Energy and Carbon Reporting (SECR)

The following figures show the consumption and associated emissions for this reporting period for the group's operations, with figures from the previous reporting period included for comparison.

	52 week period ended 31 December 2022	52 week period ended 1 January 2022
Energy consumption used to calculate emissions (kWh)	31,426,221	32,112,125
Scope 1 - Emissions in metric tonnes CO2e		
Gas consumption	3,241.01	3,250.05
Owned transport	319.29	304.27
Scope 2 - Emissions in metric tonnes CO2e		
Purchased electricity	2,417.19	2,784.40
Total gross emissions in metric tonnes CO2e	5,977.49	6,338.72
Intensity ratio tonnes per CO2e per £m revenue	51.95	64.82

Quantification and reporting methodology

The company has followed the 2019 HM Government Environmental Reporting Guidelines. The company has also used the GHG Reporting Protocol - Corporate Standard and has used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £m revenue, the recommended ratio for the sector.

Energy efficiency improvements

The group is committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to the group has been compiled, with a view to implementing these measures within the next 5 years:

Measures ongoing and undertaken through 2022:

- The group has installed LED lighting throughout sites, wherever possible, in order to upgrade offices and minimise energy usage.
- Heat exchangers have been installed across group sites in order to improve the efficiency of office heating and generate cost savings.
- The group is continuing with the roll out of an all-electric vehicle fleet for company cars and has changed its company van fleet to all-electric.
- Older, less energy-efficient offices, where capacity was no longer being met following the pandemic, have been vacated in favour of modern, energy-efficient office spaces. This will allow for energy reductions through improved heating measures and LED lighting.

Measures prioritised for implementation in 2023:

- The group is mandated to comply with the Energy Savings Opportunity Scheme (ESOS) and, as such, produces a summary of all available energy efficiency improvements on a four-year cycle.

  This will be completed in line with the 2023 Phase 3 compliance deadline. Recommendations found within the Phase 2 reporting are being reviewed and will be acted on where practical.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are 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 auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Post balance sheet events

After the period end, the following group post balance sheet events occurred:

- the group completed its acquisition of Signature Publishing Limited on 27 January 2023. Signature Publishing Limited is a children's magazine publisher and this acquisition increases the group's market share in this publishing sector.
- the group disposed of its investment property at Danescourt on 27 January 2023. The disposal of this investment property generated an exceptional gain on disposal of £1.77m.

Auditors

The auditors, Cooper Parry Group Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 May 2023 and signed on its behalf.

DocuSigned by:
Thomas Graham
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T W Graham
Director

INDEPENDENT AUDITORS' 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 31 December 2022, 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 statement of changes in equity and the related notes, 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 31 December 2022 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLAVERLEY HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group 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 Group 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 set out on page 5, 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 the 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.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the industry;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
    - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
    - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- To address the risk of fraud through management bias and override of controls, we:
    - tested journal entries to identify unusual transactions;
    - assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias, in particular the directors' assessment of the valuation of the defined benefit pension scheme, valuation of land and buildings and valuation of accrued income; and
    - investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
    - agreeing financial statement disclosures to underlying supporting documentation;
    - reading the minutes of meetings of those charged with governance;
    - enquiring of management as to actual and potential litigation and claims; and
    - reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLAVERLEY HOLDINGS LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' 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 Auditors' 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.

Cooper Parry Group Limited

Paul Rowley (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

Cubo Work
2 Chamberlain Square
Birmingham
B3 3AX

Date: 25 May 2023

CLAVERLEY HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Continuing operations 52 week period ended 31 December 2022 £000	Discontin'd operations 52 week period ended 31 December 2022 £000	Total 52 week period ended 31 December 2022 £000	Continuing operations 52 week period ended 1 January 2022 £000	Discontin'd operations 52 week period ended 1 January 2022 £000	Total 52 week period ended 1 January 2022 £000
Turnover	4	108,527	6,541	115,068	82,927	8,857	91,784
Net operating expenses	5	(101,802)	(5,935)	(107,737)	(77,642)	(8,032)	(85,674)
Exceptional items, depreciation, amortisation and impairment	5	(4,459)	(107)	(4,566)	(7,569)	(260)	(7,829)
Gross profit/(loss)	6	2,266	499	2,765	(2,284)	565	(1,719)
Income from other fixed asset investments	10	161	-	161	151	-	151
Interest receivable and similar income	11	48	-	48	31	-	31
Interest payable and similar expenses	12	(133)	-	(133)	(189)	-	(189)
Other finance costs	13	(360)	-	(360)	(728)	-	(728)
Profit/(loss) before tax		1,982	499	2,481	(3,019)	565	(2,454)
Tax on (profit)/loss	14	(820)	-	(820)	1,091	-	1,091
Profit/(loss) for the financial period		1,162	499	1,661	(1,928)	565	(1,363)

The notes on pages 20 to 54 form part of these financial statements.

CLAVERLEY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Profit/(loss) for the financial period		1,661	(1,363)
Other comprehensive income			
Actuarial gain on defined benefit schemes	33	17,534	31,031
Movement on deferred tax relating to pension losses	26	(3,002)	(4,050)
Other comprehensive income for the period		14,532	26,981
Total comprehensive income for the period		16,193	25,618
Profit/(loss) for the period attributable to:			
Owners of the parent company		1,661	(1,363)
		1,661	(1,363)
Total comprehensive income attributable to:			
Owners of the parent company		16,193	25,618
		16,193	25,618

The notes on pages 20 to 54 form part of these financial statements.

CLAVERLEY HOLDINGS LIMITED
REGISTERED NUMBER: 08114933

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		31 December 2022 £000		1 January 2022 £000
Fixed assets					
Intangible assets	15		19,490		20,763
Tangible assets	16		11,982		14,819
Investments	17		914		989
Investment property	18		200		200
			32,586		36,771
Current assets					
Stocks	19	4,425		5,478	
Debtors	20	21,050		24,250	
Cash at bank and in hand	21	12,560		9,566	
		38,035		39,294	
Creditors: amounts falling due within one year	22	(29,902)		(24,374)	
Net current assets			8,133		14,920
Total assets less current liabilities			40,719		51,691
Creditors: amounts falling due after more than one year	23		(202)		(8,391)
Provisions for liabilities					
Other provisions	27		(176)		(335)
Net assets excluding pension liability			40,341		42,965
Pension liability	33		-		(18,817)
Net assets			40,341		24,148
Capital and reserves					
Called up share capital	28		1,800		1,800
Revaluation reserve	29		-		383
Profit and loss account	29		38,541		21,965
Equity attributable to owners of the parent company			40,341		24,148

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

DocuSigned by:
Thomas Graham
07771076DEC240B...

T W Graham
Director

The notes on pages 20 to 54 form part of these financial statements.

CLAVERLEY HOLDINGS LIMITED
REGISTERED NUMBER: 08114933

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		31 December 2022 £000		1 January 2022 £000
Fixed assets					
Investments	17		35,677		35,677
			35,677		35,677
Creditors: amounts falling due within one year	22	(349)		(174)	
Net current liabilities			(349)		(174)
Total assets less current liabilities			35,328		35,503
Creditors: amounts falling due after more than one year	23		(11,141)		(11,141)
Net assets			24,187		24,362
Capital and reserves					
Called up share capital	28		1,800		1,800
Profit and loss account	29		22,387		22,562
			24,187		24,362

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

DocuSigned by:
Thomas Graham
07771076DEC240B...

T W Graham
Director

The notes on pages 20 to 54 form part of these financial statements.

CLAVERLEY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 2 January 2021	1,800	383	(3,653)	(1,470)
Loss for the period	-	-	(1,363)	(1,363)
Remeasurement of net defined benefit liability	-	-	26,981	26,981
At 1 January 2022	1,800	383	21,965	24,148
Profit for the period	-	-	1,661	1,661
Remeasurement of net defined benefit liability	-	-	14,532	14,532
Transfer on disposal of freehold property	-	(383)	383	-
At 31 December 2022	1,800	-	38,541	40,341

The notes on pages 20 to 54 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 2 January 2021	1,800	22,736	24,536
Loss for the period	-	(174)	(174)
At 1 January 2022	1,800	22,562	24,362
Loss for the period	-	(175)	(175)
At 31 December 2022	1,800	22,387	24,187

The notes on pages 20 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31 December 2022 £000	1 January 2022 £000
Cash flows from operating activities		
Profit/(loss) for the financial period	1,661	(1,363)
Adjustments for:		
Amortisation of intangible assets	3,584	2,359
Depreciation and amortisation of tangible assets	1,509	2,878
Impairment of tangible fixed assets	716	2,016
Impairment of intangible fixed assets	207	-
Impairment of fixed asset investments	75	-
Profit on disposal of tangible assets	(1,462)	(112)
Profit on disposal of subsidiary undertaking	(1,153)	-
Dividends received	(161)	(151)
Interest paid	133	189
Interest received	(48)	(31)
Taxation charge/(credit)	820	(1,091)
Decrease/(increase) in stocks	1,024	(1,280)
(Increase)/decrease in debtors	(1,617)	572
Increase/(decrease) in creditors	187	(1,169)
Decrease in provisions	(159)	(18)
Net fair value gains recognised in income statement	-	(170)
Corporation tax (paid)/received	(315)	111
Difference between contribution to pension scheme and amount charged to income statement	(1,283)	(1,750)
Net cash generated from operating activities	3,718	990
Cash flows from investing activities		
Purchase of intangible fixed assets	(233)	(4)
Purchase of tangible fixed assets	(1,116)	(330)
Sale of tangible fixed assets	3,294	474
Net cash paid on acquisition of subsidiary	-	(7,130)
Purchase of unlisted and other investments	-	(28)
Interest received	48	31
Dividends received	161	151
Cash received on disposal of subsidiary	1,365	-
Net cash from/(used in) investing activities	3,519	(6,836)

CLAVERLEY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

	31 December 2022 £000	1 January 2022 £000
Cash flows from financing activities		
Repayment of loans	(1,955)	(2,906)
Finance leases repaid	(114)	-
Interest paid	(133)	(179)
Net cash used in financing activities	(2,202)	(3,085)
Net increase/(decrease) in cash and cash equivalents	5,035	(8,931)
Cash and cash equivalents at beginning of period	3,082	12,013
Cash and cash equivalents at the end of period	8,117	3,082
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	12,560	9,566
Bank overdrafts	(4,443)	(6,484)
	8,117	3,082

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2022

	At 2 January 2022 £000	Cash flows £000	New finance leases £000	Other non-cash changes £000	At 31 December 2022 £000
Cash at bank and in hand	9,566	2,994	-	-	12,560
Bank overdrafts	(6,484)	2,041	-	-	(4,443)
Debt due after 1 year	(1,305)	1,049	-	256	-
Debt due within 1 year	(906)	906	-	(256)	(256)
Finance leases due after 1 year	(157)	-	(281)	236	(202)
Finance leases due within 1 year	(114)	114	-	(236)	(236)
	600	7,104	(281)	-	7,423

The notes on pages 20 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 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 company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The financial statements are for the 52 week period ended 31 December 2022 (comparative figures: 52 week period ended 1 January 2022).

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

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 though 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 include in the totals for the group as a whole.

2. Accounting policies (continued)

2.4 Going concern

During 2022 the directors have managed the group through significant challenges of high inflation. The business has worked closely with its supply chain to successfully overcome any production and logistical issues. Proactive steps have been taken with employees to address the cost of living crisis and customer relationships have been maintained.

The group's banking facilities include a net £1.5m overdraft and receivables finance agreements of up to £4.5m. The group facilities have been renewed from November 2022 on the same terms. The subsidiary companies provide security against these group facilities.

The group prepared a comprehensive three year business plan in November 2022 which was based on prudent assumptions, given the risks associated with increasing inflationary pressures on costs. The business plan shows the group delivering an EBITDA profit of £5.6m in 2023 with recently acquired businesses driving significant profitability growth in 2024 and 2025. As well as the group's banking facilities the group cash position of £8.1m as at 31 December 2022 will provide the liquidity for ongoing investment across the group and for funding future acquisitions. The first quarter of 2023 has already seen the group make its fourth acquisition since 2018 and excellent progress has been made in integrating this business, the children's magazine publisher, Signature Publishing Limited. This acquisition underlines the group's continued commitment to the sector which it is enjoying considerable success.

The directors are also aware that £3m of the group's net facilities are ring fenced for the remainder of 2023 to provide liquidity in the event of any further unexpected economic conditions.

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.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Publishing and printing – Advertising

These criteria are considered to be met when the amount of turnover 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 reward of ownership to the customer, the amount of turnover 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 newspapers have been delivered to the customer.

2. Accounting policies (continued)

2.5 Turnover (continued)

Publishing and printing - Magazine distribution

Turnover associated with a particular issue of a magazine is recognised through the Profit and loss account when the magazine is published.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes.

Publishing and printing – Commercial printing

Turnover is recognised upon despatch of goods.

Publishing and printing - Print management and procurement

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when the company obtains the right to consideration in exchange for its performance as the contract progresses

Publishing and printing – Creative, digital and design turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when the company obtains the right to consideration in exchange for its performance as the contract progresses.

Technology

Turnover from the sales of third party licenses 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, turnover 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 turnover is 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.

Marketing, advertising and event management

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when the company obtains the right to consideration in exchange for its performance as the contract progresses.

2. Accounting policies (continued)

2.5 Turnover (continued)

Subscriptions

Turnover relating to subscriptions is recognised on a straight line basis over the life of the subscription, in the period in which the services are provided.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised when the company obtains the right to consideration in exchange for its performance as the contract progresses.

2.6 Intangible fixed 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 income statement over its useful economic life of 10 years.

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 as appropriate, or if there is an indication of a significant change since the last reporting date.

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 FRS 102, 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.

Depreciation is provided on the following basis:

Freehold property	- 2% per annum
Leasehold buildings	- 2% per annum or period of the lease if shorter
Plant and machinery	- 5% - 33% per annum
Motor vehicles	- 20% per annum
Fixtures and fittings	- 8% - 33% 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 in the Consolidated income statement.

2.8 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. Accounting policies (continued)

2.9 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Consolidated income statement.

2.10 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated income statement on a straight line basis over the lease term.

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.

2.11 Investment property

Investment property is carried at fair value determined annually by the directors 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.

2.12 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 the Consolidated income statement.

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.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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 the Consolidated income statement.

2. Accounting policies (continued)

2.14 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.

2.15 Financial instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, accrued income, 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 the Consolidated income statement..

Impairment of financial assets carried at amortised cost

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

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

Financial liabilities

Financial liabilities comprise trade creditors, other creditors and accruals; bank loans and overdrafts 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 Consolidated 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 Consolidated income statement.

2. Accounting policies (continued)

2.16 Invoice discounting

Trade debtors are subject to a financing agreement whereby an advance is received based upon and secured against trade receivables. Where the group 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 accrued and is included in the Consolidated income statement 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.

2.17 Related party transactions

The group has taken advantage of the exemption conferred by Section 33 of FRS 102 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.

2.18 Government grants

Grants of a revenue nature are recognised in the Consolidated income statement in the same period as the related expenditure.

Grants relating to the Coronavirus Job Retention Scheme are recognised when the requirements are met and recognised in the consolidated income statement within net operating expenses in the period to which it relates.

2.19 Interest income

Interest income is recognised in the Consolidated income statement using the effective interest method.

2.20 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is GBP.

Transactions and balances

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)

2.21 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 Consolidated income statement 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 reporting 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 the Consolidated income statement 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 the Consolidated income statement as a 'finance expense'.

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 is 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. Accounting policies (continued)

2.22 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 Consolidated income statement in the period 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.

2.23 Onerous leases

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 obligations under the lease.

2.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

2.25 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 £Nil (1 January 2022: £18,817,000), comprising assets of £220,337,000 (1 January 2022: £300,100,000) and liabilities of £210,911,000 (1 January 2022: £315,725,000). 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 33.

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 goodwill.

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 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Commercial printing	36,130	26,379
Children's magazine publishing	29,987	27,382
News publishing (print and digital)	23,143	25,156
Print management and procurement	19,076	11,174
B2B marketing, advertising & event management	4,523	-
Technology	2,209	1,693
	115,068	91,784

Analysis of turnover by country of destination:

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
United Kingdom	99,722	77,601
Rest of Europe	11,359	11,468
Rest of the world	3,987	2,715
	115,068	91,784

5. Net operating expenses

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Staff costs	30,729	28,843
Raw materials and consumables	50,860	38,255
Other operating charges	26,254	19,441
Depreciation of tangible fixed assets	1,509	2,878
Amortisation of intangible fixed assets	3,584	2,359
Impairment of fixed assets	716	2,016
Exceptional items	(1,243)	576
Other income	(106)	(865)
	112,303	93,503

Exceptional items are made up of the following expenses/(gains):

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Impairment of loan	455	-
Severance costs	300	463
Impairment of goodwill	207	-
Market value rent provision	181	-
Onerous lease provision	100	-
Impairment of fixed asset investment	75	-
Computer maintenance costs	23	-
Closure of a publishing title	15	-
Disposal of a subsidiary undertaking (note 30)	(1,153)	-
Gain on disposal of freehold property	(1,446)	-
Other exceptional items	-	113
	(1,243)	576

Included within other income is £Nil (52 week period ended 1 January 2022: £823,000) relating to government grants received in respect of employees placed on "furlough" during the period, as part of the UK Government's Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit (52 week period ended 1 January 2022: operating loss) is stated after charging/(crediting):

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Profit on disposal of fixed assets	(18)	(112)
Exceptional profit on disposal of fixed assets	(1,446)	-
Exchange differences	(98)	15
Operating lease rentals	1,302	1,143
Defined contribution pension cost	1,410	1,366
Defined benefit pension cost	1,500	1,441

7. Auditors' remuneration

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	16	13

Fees payable to the group's auditor and its associates in respect of:

The auditing of accounts of associates of the group	95	77
All other services	20	16
	115	93

8. Employees

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

	Group 52 week period ended 31 December 2022 £000	Group 52 week period ended 1 January 2022 £000	Company 52 week period ended 31 December 2022 £000	Company 52 week period ended 1 January 2022 £000
Wages and salaries	25,138	23,667	155	155
Social security costs	2,681	2,369	20	19
Cost of defined benefit scheme	1,500	1,441	-	-
Cost of defined contribution scheme	1,410	1,366	-	-
	30,729	28,843	175	174

In addition to the above, exceptional severance costs of £300,000 (52 week period ended 1 January 2022: £463,000) were incurred, see note 5.

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

	Group 52 week period ended 31 December 2022 No.	Group 52 week period ended 1 January 2022 No.	Company 52 week period ended 31 December 2022 No.	Company 52 week period ended 1 January 2022 No.
Commercial printing	184	181	-	-
Children's magazine publishing	36	34	-	-
News publishing (print and digital)	79	103	-	-
Print management and procurement	55	44	-	-
B2B marketing, advertising & event management	27	29	-	-
Technology	28	29	-	-
Sales and administration	197	212	2	2
	606	632	2	2

9. Directors' remuneration

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Directors' emoluments	654	732
Company contributions to money purchase pension schemes	49	51
	703	783

There were no directors in the group's defined benefit pension scheme (1 January 2022: Nil).

There were 2 directors in the group's defined contribution pension scheme (1 January 2022: 3).

No contributions were paid to an external pension scheme during the period on behalf of any director (1 January 2022: 1).

The total amount payable to the highest director in respect of emoluments was £169,000 (52 week period ended 1 January 2022 £163,000), including company pension contributions of £22,000 (52 week period ended 1 January 2022: £Nil) were made to a defined contribution scheme on their behalf.

10. Income from investments

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Income from fixed asset investments	161	151

11. Interest receivable

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Bank deposit and other interest receivable	48	31

12. Interest payable and similar expenses

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Bank interest payable	87	127
Other interest payable	46	62
	133	189

13. Other finance costs

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Net interest on net defined benefit liability	360	728

14. Taxation

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Corporation tax		
Adjustments in respect of previous periods	(4)	-
Total current tax	(4)	-
Deferred tax		
Origination and reversal of timing differences	1,003	(674)
Changes to tax rates	-	(73)
Adjustment in respect of prior periods	(179)	(344)
Total deferred tax	824	(1,091)
Taxation on profit/(loss) on ordinary activities	820	(1,091)

14. Taxation (continued)

Factors affecting tax credit for the period

The tax assessed for the period is lower than (52 week period ended 1 January 2022: lower than) the standard rate of corporation tax in the UK of 19% (52 week period ended 1 January 2022: 19%). The differences are explained below:

	52 week period ended 31 December 2022 £000	52 week period ended 1 January 2022 £000
Profit/(loss) on ordinary activities before tax	2,481	(2,454)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	471	(466)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	702	466
Capital allowances for the period in excess of depreciation	(323)	20
R&D expenditure credits	(3)	(9)
Adjustments in respect of prior periods	(4)	-
Exempt income not chargeable to tax	161	(61)
Differences between UK and overseas tax rate	(117)	14
Remeasurement of deferred tax for changes in tax rates	242	(1,178)
Changes to deferred tax charge in respect of prior periods	(179)	(344)
Movement in deferred tax on tax losses not recognised	(64)	448
Other differences	(66)	19
Total tax charge for the period	820	(1,091)

Factors that may affect future tax charges

The group has £9,440,000 (52 week period ended 1 January 2022: £9,326,000) of tax losses at the period end. A deferred tax asset of £126,000 (1 January 2022: £364,000) has not been recognised as it cannot be regarded more likely than not that there will be suitable taxable profits against which these losses can be utilised.

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 December 2022. As such, the deferred tax rate applicable at 31 December 2022 is 25% and deferred tax has been calculated using this rate.

15. Intangible assets

Group

	Development expenditure £000	Computer software £000	Goodwill £000	Total £000
Cost				
At 2 January 2022	3,399	86	26,948	30,433
Additions	-	233	-	233
Adjustment to deferred consideration	-	-	2,285	2,285
At 31 December 2022	3,399	319	29,233	32,951
Amortisation				
At 2 January 2022	2,408	84	7,178	9,670
Charge for the period	154	68	3,362	3,584
Impairment charge	-	-	207	207
At 31 December 2022	2,562	152	10,747	13,461
Net book value				
At 31 December 2022	837	167	18,486	19,490
At 1 January 2022	991	2	19,770	20,763

16. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 2 January 2022	23,132	81,604	6,745	1,105	112,586
Additions	-	949	40	408	1,397
Disposals	(10,347)	(9,934)	(121)	-	(20,402)
Transfers between classes	(355)	355	-	-	-
At 31 December 2022	12,430	72,974	6,664	1,513	93,581
Depreciation					
At 2 January 2022	10,339	80,165	6,294	969	97,767
Charge for the period	279	1,013	73	144	1,509
Disposals	(8,508)	(9,764)	(121)	-	(18,393)
Impairment charge	716	-	-	-	716
At 31 December 2022	2,826	71,414	6,246	1,113	81,599
Net book value					
At 31 December 2022	9,604	1,560	418	400	11,982
At 1 January 2022	12,793	1,439	451	136	14,819

16. Tangible fixed assets (continued)

No revaluation has taken place in the current period as in the directors' opinion after taking professional advice, there has been no material change in value. Investment property values are considered annually on 1 January with reference to open market rates by the directors.

Freehold land and buildings includes land valued at £4,576,000 (1 January 2022: £4,576,000) which is not depreciated.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2022 £000	1.January 2022 £000
Plant and machinery	233	268
Computer equipment	286	-
	519	268

Cost or valuation at 31 December 2022 is as follows:

	Land and buildings £000
At cost	10,076
At valuation:	
31 December 2022	2,354
	12,430

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	31 December 2022 £000	1 January 2022 £000
Group		
Cost	10,076	20,396
Accumulated depreciation	(2,702)	(10,884)
Net book value	7,374	9,512

17. Fixed asset investments

Group

	Other fixed asset investments £000
Cost or valuation	
At 2 January 2022	989
At 31 December 2022	989
Impairment	
Charge for the period	75
At 31 December 2022	75
Net book value	
At 31 December 2022	914
At 1 January 2022	989

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 2 January 2022	35,677
At 31 December 2022	35,677
Net book value	
At 31 December 2022	35,677
At 1 January 2022	35,677

17. Fixed asset investments (continued)

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the company:

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

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
The Midland News Association Limited	Newspaper publishers	Ordinary	100%
Precision Colour Printing Limited	Commercial printers	Ordinary	100%
Press Computer Systems Limited	Publishing software services	Ordinary	100%
Roughton Insurances Limited	Insurance	Ordinary	100%
Express and Star Limited	Dormant	Ordinary	100%
Shropshire Newspapers Limited	Dormant	Ordinary	100%
Shropshire Star Limited	Dormant	Ordinary	100%
Guiton Group Limited	Holding company	Ordinary	100%
CI Newsagents Limited	Property leasing	Ordinary	100%
Guiton Trustees Limited	Trustees	Ordinary	100%
Cubiquity Limited	Print procurement and creative design agency	Ordinary	100%
BigKid Agency Limited	Dormant	Ordinary	100%
Kennedy Enterprises Limited	Children's magazine publishing	Ordinary	100%
HPCI Media Limited	B2B marketing and event management	Ordinary	100%
Kennedy Magazines Ireland Limited*	Authorised representative of Kennedy Enterprises Limited	Ordinary	100%

17. Fixed asset investments (continued)

Indirect subsidiary undertakings (continued)

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

Guiton Group Limited, CI Newsagents Limited and Guiton Trustees Limited registered office is Le Gallais Chambers, 54 Bath Street, St Helier, Jersey, JE4 8XG.

Kennedy Magazines Ireland Limited registered office is Floor 3, Block 3, Miesian Plaza, Dublin 2, D02 Y754, Ireland.

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

During the period, a new subsidiary, Kennedy Magazines Ireland Limited, was incorporated.

On 2 October 2022, the group disposed of its 100% investment in Jersey Evening Post Limited.

18. Investment property

Group

	Freehold investment property £000
Valuation	
At 2 January 2022 and 31 December 2022	200

No revaluation has taken place in the current period as in the directors' opinion after taking professional advice, there has been no material change in value. Investment property values are considered annually on 1 January with reference to open market rates by the directors.

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

	31 December 2022 £000	**1 January 2022 £000**
Historic cost	268	268
Accumulated depreciation and impairments	(133)	(128)
	135	140

19. Stocks

	Group 31 December 2022 £000	Group 1 January 2022 £000
Raw materials and consumables	2,224	1,903
Work in progress	525	673
Finished goods and goods for resale	1,676	2,902
	4,425	5,478

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 £986,000 (1 January 2022: £907,000).

20. Debtors

	Group 31 December 2022 £000	Group 1 January 2022 £000
Due after more than one year		
Other debtors	250	704
Deferred tax asset	4,452	8,278
	4,702	8,982
Due within one year		
Trade debtors	10,996	10,483
Other debtors	1,474	1,083
Prepayments and accrued income	3,878	3,702
	21,050	24,250

The impairment loss recognised in the consolidated income statement for the period in respect of bad and doubtful trade debtors was £55,000 (1 January 2022: loss of £137,000).

21. Cash and cash equivalents

	Group 31 December 2022 £000	Group 1 January 2022 £000
Cash at bank and in hand	12,560	9,566
Less: bank overdrafts	(4,443)	(6,484)
	8,117	3,082

22. Creditors: Amounts falling due within one year

	Group 31 December 2022 £000	Group 2 January 2022 £000	Company 31 December 2022 £000	Company 2 January 2022 £000
Bank overdrafts	4,443	6,484	-	-
Bank loans	256	906	-	-
Trade creditors	8,614	8,543	-	-
Amounts owed to group undertakings	-	-	349	174
Corporation tax	77	396	-	-
Other taxation and social security	1,394	1,538	-	-
Obligations under finance lease and hire purchase contracts	236	114	-	-
Other creditors	10,804	1,898	-	-
Accruals and deferred income	4,078	4,495	-	-
	29,902	24,374	349	174

Refer to note 24 of these financial statements for detail on loan securities.

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

	Group 31 December 2022 £000	Group 1 January 2022 £000	Company 31 December 2022 £000	Company 1 January 2022 £000
Bank loans	-	1,305	-	-
Net obligations under finance leases and hire purchase contracts	202	157	-	-
Amounts owed to group undertakings	-	-	11,141	11,141
Other creditors	-	6,929	-	-
	202	8,391	11,141	11,141

Refer to note 24 of these financial statements for detail on loan securities.

24. Loans

Maturity of debt:

	Group 31 December 2022 £000	Group 1 January 2022 £000
Amounts falling due within one year		
Bank loans	256	906
Amounts falling due 1-2 years		
Bank loans	-	1,305
	256	2,211

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

In September 2018, the group repaid its previous fixed term loan and entered into a new 5 year fixed term loan of £7.25m with Lloyds Bank until September 2023. This loan accrues interest at 2.75% above LIBOR. This term loan was amended in November 2022 following an early repayment of £1.25m in October 2022.

25. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 31 December 2022 £000	Group 1 January 2022 £000
Within one year	267	114
Between 1-5 years	171	157
	438	271

Amounts owed under hire purchase and finance leases are secured over the assets to which they relate.

26. Deferred taxation

Group

	31 December 2022 £000
At the beginning of the financial period	8,278
Charged to the consolidated income statement	(824)
Charged to other comprehensive income	(3,002)
Arising on acquisition of subsidiary	-
At the end of the financial period	4,452

	Group 31 December 2022 £000	Group 1 January 2022 £000
Fixed asset timing differences	1,866	2,787
Short term timing differences	352	177
Pension deficit	-	3,349
Losses carried forward	2,234	1,965
	4,452	8,278

27. Provisions

Group

	Dilapidations provision £000	Other provision £000	Onerous lease provision £000	Total £000
At 2 January 2022	20	57	258	335
Charged to the Consolidated income statement	-	(57)	(102)	(159)
At 31 December 2022	20	-	156	176

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 in 2023.

28. Share capital

	31 December 2022 £000	1 January 2022 £000
Allotted, called up and fully paid		
900,000 (1 January 2022: 900,000) Ordinary shares of £1.00 each	900	900
900,000 (1 January 2022: 900,000) Voting shares of £0.05 each	45	45
900,000 (1 January 2022: 900,000) Preference shares of £0.95 each	855	855
	1,800	1,800

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 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.

29. Reserves

Revaluation reserve

Cumulative gains and losses on revaluation of freehold property, where these gains do not reverse a previous impairment loss or represent a permanent diminution in value.

Profit and loss account

Profit and loss account represents cumulative profits or losses recognised in the Consolidated statement of comprehensive income, net of dividends paid.

30. Discontinued operations

On 2 October 2022, the group disposed of Jersey Evening Post Limited. The profit on disposal of Jersey Evening Post Limited has been calculated as follows:

		£000
Cash proceeds		1,574
		1,574
Net assets disposed of:		
Tangible fixed assets	176	
Stocks	29	
Debtors	1,241	
Cash	209	
Creditors	(984)	
		671
Deferred cash proceeds		250
Profit on disposal before tax		1,153

The net inflow of cash in respect of the sale of Jersey Evening Post Limited is as follows:

	£000
Cash consideration	1,574
Cash transferred	(209)
Net inflow of cash	1,365

31. 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 by Lloyds Bank to meet its day to day working capital requirements. The facilities are secured by a fixed and floating charge over the assets of the group.

As at 31 December 2022, the group recorded a net cash position under the above facilities of £6.5m (1 January 2022: £1.8m net debt position).

32. Capital commitments

At 31 December 2022 the group had capital commitments as follows:

	Group 31 December 2022 £000	Group 1 January 2022 £000
Contracted for but not provided in these financial statements	58	28

33. Pension commitments

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

Defined Contribution Schemes

The Claverley Group operates various defined contribution pension schemes for employees. The total pension cost for the year amounts to £1,410,000 (52 week period ended 1 January 2022: £1,366,000) which represents contributions payable to the fund.

Defined benefit scheme

The Claverley 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.

33. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	31 December 2022 £000	1 January 2022 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	315,725	351,933
Interest cost	6,158	4,990
Actuarial gains	(95,225)	(27,261)
Benefits paid	(15,747)	(13,937)
At the end of the year	210,911	315,725

Composition of plan liabilities:

	31 December 2022 £000	1 January 2022 £000
Schemes wholly or partly funded	(210,911)	(315,725)
Total plan liabilities	(210,911)	(315,725)

Reconciliation of present value of plan assets:

	31 December 2022 £000	1 January 2022 £000
At the beginning of the year	300,100	300,773
Current service cost	(57)	-
Interest income	5,861	4,268
Actuarial (losses)/gains	(71,520)	6,517
Contributions	1,700	2,479
Benefits paid	(15,747)	(13,937)
At the end of the year	220,337	300,100

The actual loss on plan assets is £65,659,000 (52 week period ended 1 January 2022: return on plan assets of £10,785,000).

33. Pension commitments (continued)

Composition of plan assets:

	31 December 2022 £000	1 January 2022 £000
European equities	1,336	6,776
European bonds and gilts	78,325	111,484
Property	72,146	79,040
Cash and other	68,530	102,800
Total plan assets	220,337	300,100

	31 December 2022 £000	1 January 2022 £000
Fair value of plan assets	220,337	300,100
Present value of plan liabilities	(210,911)	(315,725)
Derecognition of surplus	(9,426)	(3,192)
Net pension scheme liability	-	(18,817)

The amounts recognised in the Consolidated income statement are as follows:

	31 December 2022 £000	1 January 2022 £000
Scheme expenses	(57)	-
Interest on obligation	(360)	(728)
Total	(417)	(728)

The cumulative amount of actuarial losses recognised in the Consolidated statement of comprehensive income was £13,769,000 (52 week period ended 1 January 2022: £31,303,000).

The group expects to contribute £1,925,000 to its Defined benefit pension scheme in 2023, subject to the April 2023 valuation process and discussions with the scheme's trustees.

33. Pension commitments (continued)

	31 December 2022 £000	1 January 2022 £000
Analysis of actuarial gain recognised in Other comprehensive income		
Actual return less interest income included in net interest income	(71,520)	6,518
Experience gains and losses arising on the scheme liabilities	(12,302)	7,617
Changes in assumptions underlying the present value of the scheme liabilities	107,772	15,863
Changes to demographic assumptions	(245)	3,781
Effect of the limit of scheme in surplus	(6,171)	(2,748)
	17,534	31,031

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

	31-Dec-22	01-Jan-22
Pension scheme A		
Discount rate	5.00%	2.00%
RPI inflation	3.20%	3.40%
CPI inflation	2.30%	2.40%
Mortality rates		
- for a male aged 65 now	21.4	21.4
- at 65 for a male aged 45 now	23.4	23.2
- for a female aged 65 now	23.2	23.3
- at 65 for a female member aged 45 now	25.2	25.2
Pension scheme C		
Discount rate	5.00%	2.00%
RPI inflation	3.70%	3.90%
CPI inflation	n/a	2.40%
Mortality rates		
- for a male aged 65 now	21.7	21.7
- at 65 for a male aged 45 now	23.0	23.0
- for a female aged 65 now	23.8	23.8
- at 65 for a female member aged 45 now	25.3	25.3
Pension scheme D		
Discount rate	5.00%	2.00%
RPI inflation	3.70%	3.90%
CPI inflation	n/a	2.40%
Mortality rates		
- for a male aged 65 now	21.7	21.7
- at 65 for a male aged 45 now	23.0	23.0
- for a female aged 65 now	23.8	23.8
- at 65 for a female member aged 45 now	25.3	25.3

34. Commitments under operating leases

At 31 December 2022 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 31 December 2022 £000	Group 1 January 2022 £000
Not later than 1 year	1,282	1,327
Later than 1 year and not later than 5 years	1,710	2,465
Later than 5 years	-	445
	2,992	4,237

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

35. Related party transactions

The group has taken advantage of the exemption conferred by FRS102 section 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 £785,000 (52 week period ended 1 January 2022: £876,000).

36. Post balance sheet events

After the period end, the following group post balance sheet events occurred:

- the group completed its acquisition of Signature Publishing Limited on 27 January 2023. Signature Publishing Limited is a children's magazine publisher and this acquisition increases the group's market share in this publishing sector.
- the group disposed of its investment property at Danescourt on 27 January 2023. The disposal of this investment property generated an exceptional gain on disposal of £1.77m.

37. Controlling party

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