

Consolidated Financial Statements

KM (Holdings) Limited

For the Period Ended 1 July 2017

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COMPANIES HOUSE

Registered number: 08526759

KM (Holdings) Limited

Company Information

Directors

G R P Allinson
R E Elliot (resigned 28 April 2017)
D J Gray (resigned 28 April 2017)
M J Phippen (resigned 31 January 2017)
C D Brims (resigned 24 May 2017)
I A Gray (resigned 24 May 2017)
E M M Lawson (resigned 24 May 2017)
H Boorman
I Carter (resigned 30 April 2017)
N Webster (resigned 30 April 2017)

Registered number

08526759

Registered office

Fryern House
125 Winchester Road
Chandler's Ford
Eastleigh
Hampshire
SO53 2DR

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Senior Statutory Auditor
30 Finsbury Square
London
EC2P 2YU

KM (Holdings) Limited

Contents

	Page
Group strategic report	1
Directors' report	2 - 4
Independent auditor's report	5 - 7
Consolidated income statement	8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated Statement of cash flows	14 - 15
Notes to the financial statements	16 - 40

KM (Holdings) Limited

Group Strategic Report

For the Period Ended 1 July 2017

Principal activities

The principal activities of the group was the publishing of newspapers and digital websites, radio broadcasting and other media interests. During the year the trading subsidiary, KM Media Group Limited, was disposed and proceeding commenced on the liquidation of the remaining subsidiary Kent Messenger Limited.

Therefore at the period end the principal activity of the group and company was to hold investments.

Business review

During the year it was evident that the trading operations of the group could not support the defined benefit pension scheme of the group and a solution to secure the best outcome for its creditors, being the pension scheme, bank and loan note holders, was sought.

The trading subsidiary, KM Media Group Limited, was sold to Iliffe Media for £120,000. Iliffe Media during the transaction provided sufficient cash to KM Media Group Limited to repay its borrowings. Repaying the bank and loan note holders, and settling intercompany balances for less than their recorded value. The group used this cash to provide a cash contribution of £833k to the pension scheme. A property held within Kent Messenger Limited with value of £1.55m, over which the pension scheme had security was transferred to the pension scheme.

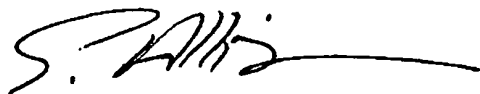
The pension scheme was then transferred to the Pension Protection Fund (PPF) and proceedings commenced on the liquidation of Kent Messenger Limited, the company which previously recognised the pension liabilities.

The outcome of these transactions has been disclosed as an exceptional item within the Income Statement, further detail is given within the supporting notes. The remainder of the performance within the income statement represents the performance of KM Media Group for the 10 months of the year which KM (Holdings) was the owner of the business. During that period as expected KM Media group continued to face difficulties in the print market as demand falls, however digital and radio services grew in comparison to the prior year.

Principal risks and uncertainties

The main risk to the group now is that due to performance of its investments, the value of those investments falls and no returns are received.

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



G R P Allinson
Director

Date: 29-3-18

KM (Holdings) Limited

Directors' Report

For the Period Ended 1 July 2017

The directors present their report and the financial statements for the period ended 1 July 2017.

Results and dividends

The loss for the period, after taxation, amounted to £260k (2016: loss £1,827).

During the period no dividends were paid (2016: £Nil).

Directors

The directors who served during the period were:

G R P Allinson
R E Elliot (resigned 28 April 2017)
D J Gray (resigned 28 April 2017)
M J Phippen (resigned 31 January 2017)
C D Brims (resigned 24 May 2017)
I A Gray (resigned 24 May 2017)
E M M Lawson (resigned 24 May 2017)
H Boorman
I Carter (resigned 30 April 2017)
N Webster (resigned 30 April 2017)

Directors' Report (continued)

For the Period Ended 1 July 2017

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Future developments

The group will continue to hold its investments.

Employee involvement

The directors recognise the importance of employee involvement in the operation and development of the business. This involvement entails good communication which is achieved through weekly updates across the business. The Executive Directors regularly hold department and management meetings for the dissemination of information and collection of employees' views. The Chairman holds meetings with employees across the business to update them on the financial performance and strategy of the group.

At the period end the group has nil employees and has no intention of increasing this in the future.

KM (Holdings) Limited

Directors' Report (continued)

For the Period Ended 1 July 2017

Disabled employees

It is the company's policy to be positive about the employment and development of disabled persons. The company will make reasonable adjustments to facilitate the employment, continued employment or personal development of disabled applicants and employees in accordance with the Equality Act 2010.

At the period end the group has nil employees and has no intention of increasing this in the future.

Donations

During the period there were no donations made for charitable or political purposes.

Matters covered in the strategic report

Information relating to business activities, its financial position and its exposure to risks have been disclosed within the Strategic Report in accordance with S414c(ii) of the Companies Act 2006.

Disclosure of information to auditor

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

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

Auditor

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

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



G R P Allinson
Director

Date: 29.3.18



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

Opinion

We have audited the financial statements of KM (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 1 July 2017, which comprise the Group Income statement, the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group 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 1 July 2017 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the



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

financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

Matter on which we are required to report under the Companies Act 2006

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.



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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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 Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A handwritten signature in dark ink, appearing to read "Nicholas Page".

Nicholas Page (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Senior Statutory Auditor

London Finsbury

Date:

27/3/18

KM (Holdings) Limited

Consolidated Income Statement

For the Period Ended 1 July 2017

	Note	2017 £000	2016 £000
Turnover	4	12,498	16,944
Cost of sales		(9,259)	(13,036)
Gross profit		3,239	3,908
Distribution costs		-	(1,098)
Administrative expenses		(3,417)	(2,840)
Exceptional expenses		58	(287)
Operating loss	5	(120)	(317)
Interest receivable and similar income	9	6	7
Interest payable and similar expenses	10	(146)	(1,102)
Loss before tax		(260)	(1,412)
Tax on loss	11	-	(415)
Loss for the financial period		(260)	(1,827)

During the year the activities of the group were either sold or curtailed, and therefore all of the activity reported above is discontinuing.

The notes on pages 16 to 40 form part of these financial statements.

KM (Holdings) Limited

Consolidated Statement of Comprehensive Income
For the Period Ended 1 July 2017

	Note	2017 £000	2016 £000
Loss for the financial period		(260)	(1,827)
Other comprehensive income			
Actuarial gain/(loss) on defined benefit schemes		-	(5,712)
Movement on deferred tax relating to pension		(3,767)	1,028
Transfer of pension scheme to PPF		18,548	-
Other comprehensive income for the period		14,781	(4,684)
Total comprehensive income for the period		14,521	(6,511)

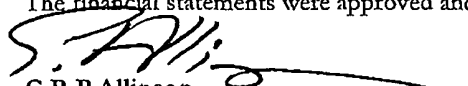
The notes on pages 16 to 40 form part of these financial statements.

Consolidated Statement of Financial Position

As at 1 July 2017

	Note	1 July 2017 £000	2 July 2016 £000
Fixed assets			
Intangible assets	14	-	1,259
Tangible assets	15	-	2,457
Investments	16	138	138
		<u>138</u>	<u>3,854</u>
Current assets			
Debtors: amounts falling due within one year	17	40	3,565
Cash at bank and in hand	18	18	338
		<u>58</u>	<u>3,903</u>
Creditors: amounts falling due within one year	19	(20)	(4,007)
Net current assets/(liabilities)		<u>38</u>	<u>(104)</u>
Total assets less current liabilities		<u>176</u>	<u>3,750</u>
Creditors: amounts falling due after more than one year	20	-	(803)
Provisions for liabilities			
Net assets excluding pension liability/asset		<u>176</u>	<u>2,947</u>
Pension asset/liability		-	(17,164)
Net assets/(liabilities)		<u><u>176</u></u>	<u><u>(14,217)</u></u>
Capital and reserves			
Called up share capital	23	120	120
Merger reserve	24	-	128
Retained earnings	24	56	(14,465)
		<u>176</u>	<u>(14,217)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


G R P Allinson
Director

Date: 29-3-18

The notes on pages 16 to 40 form part of these financial statements.

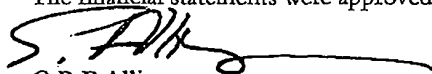
KM (Holdings) Limited
Registered number:08526759

Company Statement of Financial Position

As at 1 July 2017

	Note	1 July 2017 £000	2 July 2016 £000
Fixed assets			
Tangible assets	15	-	533
Investments	16	138	258
		<u>138</u>	<u>791</u>
Current assets			
Debtors: amounts falling due within one year	17	40	290
Cash at bank and in hand	18	18	271
		<u>58</u>	<u>561</u>
Creditors: amounts falling due within one year	19	(20)	(167)
Net current assets		<u>38</u>	<u>394</u>
Total assets less current liabilities		<u>176</u>	<u>1,185</u>
Creditors: amounts falling due after more than one year	20	-	(666)
Net assets excluding pension liability/asset		<u>176</u>	<u>519</u>
Net assets		<u>176</u>	<u>519</u>
Capital and reserves			
Called up share capital	23	120	120
Profit and loss account brought forward		399	394
Loss/(profit) for the period		(343)	5
Profit and loss account carried forward		<u>56</u>	<u>399</u>
		<u>176</u>	<u>519</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


G R P Allinson
Director

Date: 29-3-18

The notes on pages 16 to 40 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Period Ended 1 July 2017

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 5 July 2015	120	128	(7,954)	(7,706)
Loss for the period	-	-	(1,827)	(1,827)
Actuarial losses on pension scheme	-	-	(4,684)	(4,684)
At 3 July 2016	120	128	(14,465)	(14,217)
Loss for the period	-	-	(260)	(260)
Actuarial gains on pension scheme	-	-	14,781	14,781
Disposal of subsidiary	-	(128)	-	(128)
At 1 July 2017	120	-	56	176

KM (Holdings) Limited

Company Statement of Changes in Equity
For the Period Ended 1 July 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 5 July 2015	120	394	514
Profit for the period	-	5	5
At 3 July 2016	120	399	519
Loss for the period	-	(343)	(343)
At 1 July 2017	120	56	176

KM (Holdings) Limited

Consolidated Statement of Cash Flows
For the Period Ended 1 July 2017

	1 July 2017 £000	2 July 2016 £000
Cash flows from operating activities		
Loss for the financial period	(260)	(1,827)
Adjustments for:		
Amortisation of intangible assets	49	129
Depreciation of tangible assets	100	92
Loss on disposal of tangible assets	153	-
Interest paid	146	118
Interest received	(6)	(6)
Taxation charge	-	415
Decrease in debtors	1,027	116
(Decrease) in creditors	(404)	(25)
Increase in net pension assets/liabs	-	984
Corporation tax received/(paid)	-	(21)
Gain on subsidiary disposal	(2,648)	-
Non-cash contribution to pension scheme	1,550	-
Net cash generated from operating activities	(293)	(25)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(55)
Purchase of tangible fixed assets	(46)	(124)
Sale of tangible fixed assets	379	-
Interest received	6	6
Disposal of subsidiary	(480)	-
Net cash from investing activities	(141)	(173)

Consolidated Statement of Cash Flows (continued)
For the Period Ended 1 July 2017

	1 July 2017 £000	2 July 2016 £000
Cash flows from financing activities		
Repayment of loans	(1,602)	(178)
Other new loans	2,695	131
Repayment of other loans	(833)	-
Interest paid	(146)	(118)
Net cash used in financing activities	114	(165)
Net (decrease) in cash and cash equivalents	(320)	(363)
Cash and cash equivalents at beginning of period	338	701
Cash and cash equivalents at the end of period	18	338
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	18	338
	18	338

The notes on pages 16 to 40 form part of these financial statements.

Notes to the Financial Statements

For the Period Ended 1 July 2017

1. General information

The company is a company limited by shares, incorporated in England, its registered address is Fryern House, 125 Winchester Road, Chandler's Ford, Eastleigh, Hampshire, SO53 2DR. The trading address is Medway House, Sir Thomas Longley Road, Medway City Estate, Rochester, Kent, ME2 4DU.

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 Group's functional and representational currency is GBP.

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 judgemental in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form 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 statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 29 June 2014.

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group 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.

Rendering of services

Turnover from the provision of services is recognised in the period in which the services are provided, when the amount of turnover can be measured reliably and it is probable that the company will receive the consideration.

2.4 Intangible assets

Goodwill

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

Other intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	25	years
Software	-	5	years

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.5 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.

Depreciation 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:

Computer and other electronic equipment	- 20%
Plant and machinery	- 20%
Radio equipment	- Over five years or the life of the licence

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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.8 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.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 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.

2.12 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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 the standard 29 June 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.13 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 reporting 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 profit or loss as employee costs, except where included in the cost of an asset, comprises:

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

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

2.14 Interest income

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

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.15 Borrowing costs

All borrowing costs are recognised in the Consolidated income statement in the period in which they are incurred.

2.16 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 year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.17 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.

Notes to the Financial Statements

For the Period Ended 1 July 2017

2. Accounting policies (continued)

2.18 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.

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

In order to calculate the obligation under the defined benefit pension plan in the prior year, estimates are made of the future costs using actuarial valuations. Due to the complexity of the valuation and the long term nature of the plan, such estimates are subject to uncertainty. The significant assumptions are set out in note 27.

4. Turnover

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

	2017 £000	2016 £000
Provision of services	10,185	14,097
Provision of goods	2,313	2,847
	<u>12,498</u>	<u>16,944</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	100	92
Amortisation of goodwill	49	129
Hire and rental charges (excluding hire purchase)		
- property	140	209
- plant and vehicles	142	205
	<u>431</u>	<u>635</u>

KM (Holdings) Limited

Notes to the Financial Statements

For the Period Ended 1 July 2017

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	16	28
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	3	3
All other services	1	12
	4	15

7. Employees

Staff costs were as follows:

	Group 1 July 2017 £000	Group 2 July 2016 £000
Wages and salaries	5,904	6,918
Social security costs	502	676
Cost of defined contribution scheme	497	583
	6,903	8,177

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

	2017 No.	2016 No.
Executive and central services	11	18
Operations	52	53
Commercial	60	77
Editorial	99	108
Marketing and newspaper sales	15	14
	237	270

Notes to the Financial Statements

For the Period Ended 1 July 2017

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	636	748

During the period retirement benefits were accruing to 3 directors (2016 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £264,000 (2016 - £160,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2016 - £Nil).

Contributions paid to defined benefit contribution schemes in relation to directors amounted to £26,000 (2016: £33,000).

9. Interest receivable and other similar income

	2017 £000	2016 £000
Dividends from unlisted investments	1	-
Other interest receivable	5	7

10. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest payable	146	51
Other loan interest payable	-	67
Defined benefit pension scheme charge	-	984
	146	1,102

Notes to the Financial Statements

For the Period Ended 1 July 2017

11. Taxation

	2017 £000	2016 £000
Corporation tax		
Adjustments in respect of previous periods	-	(20)
	-	(20)
Foreign tax		
Origination and reversal of timing differences	-	435
	-	435
Total current tax	-	415

Factors affecting tax charge for the period

The tax assessed for the period differs to the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	(260)	(1,413)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	(51)	(283)
Effects of:		
Fixed assets differences	-	9
Income note deductible for tax purposes	(176)	(97)
Expenses not deductible for tax purposes	119	78
Adjustments to tax charge in respect of prior periods	-	(20)
Amounts charged/ (credited) directly to OCI or otherwise transferred	-	(1,142)
Deferred tax charged directly to OCI	-	1,028
Adjust closing deferred tax to average rate	-	653
Deferred tax not recognised / (recognised)	108	189
Total tax charge for the period	-	415

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. The corporation tax rate is due to fall to 17% on 1 April 2020.

KM (Holdings) Limited

Notes to the Financial Statements
For the Period Ended 1 July 2017

12. Exceptional items

	2017 £000	2016 £000
Restructuring	207	287
Gain on disposal of subsidiaries	(2,648)	-
Cash contribution to pension scheme	833	-
Non-cash contribution to pension scheme	1,550	-
	<u>(58)</u>	<u>287</u>

13. Parent company profit for the year

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 loss after tax of the parent Company for the period was £343 thousand (2016 - loss - £62 thousand).

KM (Holdings) Limited

Notes to the Financial Statements

For the Period Ended 1 July 2017

14. Intangible assets

Group

	Radio licences £000	Software £000	Goodwill £000	Total £000
At 3 July 2016	200	731	1,053	1,984
Disposals	(200)	(731)	(1,053)	(1,984)
At 3 July 2016	-	599	126	725
Charge for the year	-	49	-	49
On disposals	-	(648)	(126)	(774)
Net book value				
At 1 July 2017	-	-	-	-
At 2 July 2016	200	132	927	1,259

Company

There are no intangible assets held by the parent company.

KM (Holdings) Limited

Notes to the Financial Statements

For the Period Ended 1 July 2017

15. Tangible fixed assets

Group

	Land and buildings £000	Plant and vehicles £000	Fixtures & fittings, radio & computer equipment £000	Total £000
At 3 July 2016	2,083	1,422	7,645	11,150
Additions	-	-	46	46
Disposals	(2,083)	(1,422)	(7,691)	(11,196)
At 1 July 2017	-	-	-	-
At 3 July 2016	-	1,416	7,277	8,693
Charge for the period on owned assets	-	-	100	100
Disposals	-	(1,416)	(7,377)	(8,793)
At 1 July 2017	-	-	-	-
Net book value				
At 1 July 2017	-	-	-	-
At 2 July 2016	2,083	6	368	2,457

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

	1 July 2017 £000	2 July 2016 £000
Freehold	-	2,083

Notes to the Financial Statements
For the Period Ended 1 July 2017

15. Tangible fixed assets (continued)

Company

	Land and buildings £000
Cost and net book value	
At 3 July 2016	533
Disposals	(533)
At 1 July 2017	-
At 1 July 2017	-
Net book value	
At 1 July 2017	-
At 2 July 2016	533

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

	1 July 2017 £000	2 July 2016 £000
Freehold	-	533

Notes to the Financial Statements
For the Period Ended 1 July 2017

16. Fixed asset investments

Group

	Listed investments £000	Unlisted investments £000	Total £000
Cost and net book value			
At 3 July 2016	2	136	138
At 1 July 2017	2	136	138

Company

	Listed investments £000	Unlisted investments £000	Other fixed asset investments £000	Total £000
Cost and net book value				
At 3 July 2016	2	136	120	258
Disposals	-	-	(120)	(120)
At 1 July 2017	2	136	-	138

KM (Holdings) Limited

Notes to the Financial Statements

For the Period Ended 1 July 2017

17. Debtors

	Group 1 July 2017 £000	Group 2 July 2016 £000	Company 1 July 2017 £000	Company 2 July 2016 £000
Trade debtors	-	2,208	-	-
Amounts owed by group undertakings	-	-	-	279
Other debtors	40	66	40	11
Prepayments and accrued income	-	590	-	-
Tax recoverable	-	20	-	-
Deferred taxation	-	681	-	-
	<u>40</u>	<u>3,565</u>	<u>40</u>	<u>290</u>

18. Cash and cash equivalents

	Group 1 July 2017 £000	Group 2 July 2016 £000	Company 1 July 2017 £000	Company 2 July 2016 £000
Cash at bank and in hand	<u>18</u>	<u>338</u>	<u>18</u>	<u>271</u>

Notes to the Financial Statements

For the Period Ended 1 July 2017

19. Creditors: Amounts falling due within one year

	Group 1 July 2017 £000	Group 2 July 2016 £000	Company 1 July 2017 £000	Company 2 July 2016 £000
Loan stock	-	167	-	167
Bank loans	-	1,465	-	-
Trade creditors	-	1,046	-	-
Other creditors	-	663	-	-
Accruals and deferred income	20	665	20	-
Taxation and social security	-	1	-	-
	<u>20</u>	<u>4,007</u>	<u>20</u>	<u>167</u>

Secured loans

At the prior period end within bank loans there was a Commercial Finance facility of £1,285k to borrow on the sales ledger which is payable on demand with interest payable at 3.5% per annum over base rate.

At the prior period end within bank loans there is a Repayment Loan of £180k repayable over three years, with interest payable at 4.5% per annum over base rate.

These represent commercial finance facilities secured against the sales ledger by way of a debenture.

These were repaid in full during the period.

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

	Group 1 July 2017 £000	Group 2 July 2016 £000	Company 1 July 2017 £000	Company 2 July 2016 £000
Bank loans	-	137	-	-
Loan stock	-	666	-	666
	<u>-</u>	<u>803</u>	<u>-</u>	<u>666</u>

Notes to the Financial Statements
For the Period Ended 1 July 2017

21. Loans

	Group 1 July 2017 £000	Group 2 July 2016 £000	Company 1 July 2017 £000	Company 2 July 2016 £000
Amounts falling due within one year				
Loan stock	-	167	-	167
Other loans	-	1,465	-	-
	-	1,632	-	167
Amounts falling due 1-2 years				
Bank loans	-	137	-	-
Loan stock	-	333	-	333
	-	470	-	333
Amounts falling due 2-5 years				
Loan stock	-	333	-	333
	-	333	-	333
	-	2,435	-	833

Notes to the Financial Statements

For the Period Ended 1 July 2017

22. Financial instruments

	Group 1 July 2017 £000	Group 2 July 2016 £000
Financial assets		
Financial assets measured at fair value through profit or loss	18	474
Financial assets that are debt instruments measured at amortised cost	40	2,274
	<u>58</u>	<u>2,748</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(20)	(4,808)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents and unlisted investments.

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

Financial liabilities measured at amortised cost comprise trade creditors, bank and other loans, accruals and deferred income and other creditors.

Notes to the Financial Statements

For the Period Ended 1 July 2017

23. Share capital

	1 July 2017 £000	2 July 2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
240,000 Ordinary shares of £0.50 each	<u>120</u>	<u>120</u>

24. Reserves

Merger reserve

Reserve in respect of the merger accounting treatment applied to the restructure in 2013. Given the subsidiary to which this related to was disposed of during the year, the merger reserve has been eliminated.

Retained earnings

Includes all current and prior period retained earnings

25. Contingent liabilities

Other than those provided for or disclosed in these financial statements, the group has no material contingent liabilities at 29 June 2017.

26. Capital commitments

There are no capital commitments at the period end (2016: £Nil).

Notes to the Financial Statements

For the Period Ended 1 July 2017

27. Pension commitments

Defined Contribution

During the year the group operated a contributory defined contribution scheme for eligible employees and a stakeholder pension scheme. All employees are given the opportunity to join these schemes during their employment.

The defined contribution scheme is a money purchase plan with contributions paid being held individually for each employee and independently administered by the insurance company.

The pension contribution for the period was £593k (2016: £583k).

The defined contribution scheme was operated by KM Media Group Limited, and therefore on the disposal of that company the scheme was no longer part of the group.

Defined Benefit

In addition the group operated a defined benefit scheme. The scheme was closed to new employees in 1993 and in addition the scheme also became closed to future accrual of pensions as from 31 December 2004. The assets of the scheme were held separately from those of the group, being mainly invested in managed funds.

The pension charge for the period was £Nil (2016: £Nil).

During the period the pension scheme was transferred to the Pension Protection Fund (PPF) and proceedings commenced on the liquidation of Kent Messenger Limited, the company which previously recognised the pension liabilities.

Therefore the disclosures below show the information concerning the scheme in the prior period, but no such information is present for the scheme as at the period end, as this was no longer part of the group.

Reconciliation of present value of plan liabilities:

	1 July 2017 £000	2 July 2016 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	46,528	40,520
Interest cost	-	1,580
Actuarial gains/losses	-	6,611
Benefits paid	-	(2,183)
Transferred to PPF	(46,528)	-
At the end of the year	-	46,528

1 July 2 July

Notes to the Financial Statements

For the Period Ended 1 July 2017

27. Pension commitments (continued)

	2017 £000	2016 £000
At the beginning of the year	25,597	26,285
Administration expenses	-	(406)
Interest cost	-	1,002
Benefits paid	-	(2,183)
Expected return on scheme assets	-	899
Cash contribution by the group	833	-
Non-cash contribution by the group	1,550	-
Transferred to PPF	(27,980)	-
At the end of the year	-	25,597

Composition of plan assets:

	1 July 2017 £000	2 July 2016 £000
Equities	-	14,726
Bonds	-	3,128
Gilts	-	3,571
Property	-	2,168
Cash	-	(2)
Annuities	-	60
Other / DGF	-	1,946
Total plan assets	-	25,597

	1 July 2017 £000	2 July 2016 £000
Fair value of plan assets	-	25,597
Present value of plan liabilities	-	(46,528)
Deferred tax on deficit	-	3,767
Net pension scheme liability	-	(17,164)

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £Nil (2016 - £5,712k).

Notes to the Financial Statements

For the Period Ended 1 July 2017

27. Pension commitments (continued)

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

	2017 %	2016 %
Rate of increases of pensions in payment	-	2.80
Discount rate	-	2.70
Rate of inflation (RPI)	-	2.90
Rate of increase in deferred pensions	-	5.00
Mortality rates		
Pre retirement mortality (non-pensioners)	-	0.50
Post retirement mortality (non-pensioners)	-	0.50
Post retirement mortality (pensioners)	-	0.50

The expected return on the scheme assets is based on market conditions at the beginning of the financial period for returns over the life of the relevant obligation.

It is necessary to consider both the existing investment strategy as well as the development of the strategy as the scheme matures. This requires the consideration of the composition of the scheme's assets as well as the potential returns on different classes.

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2016 £000	2015 £000	2014 £000	2013 £000
Present value of scheme liabilities		(46,586)	(40,520)	(37,534)
Fair value of scheme assets		25,655	26,285	26,778
Deficit		(20,931)	(14,235)	(10,756)
Experience adjustments on scheme liabilities		-	-	(876)
Experience adjustments on scheme assets		-	-	375
Total actuarial gains and losses recognised in other comprehensive income		(6,611)	(2,811)	(1,171)
		-	-	-

Notes to the Financial Statements

For the Period Ended 1 July 2017

28. Commitments under operating leases

At 1 July 2017 the Group had future minimum lease payments under non-cancelable operating leases as follows:

	Group 1 July 2017 £000	Group 2 July 2016 £000
Not later than 1 year		45
Later than 1 year and not later than 5 years		65
Later than 5 years		219
		<hr/>
		329

The Company had no commitments under the non-cancelable operating leases as at the reporting date

29. Related party transactions

Mr H Boorman and Mrs E M M Lawson, non-executive directors, each held £110,000 and £261,000 respectively of the loan stock in issue at the prior period end. Mrs G R P Allinson, a director, held £381,000 of the loan stock in issue at the prior period end.

30. Controlling party

No one person is considered to have ultimate control.