

**Company Registration No. NI048525**

**Local Press Limited**

**Annual Report and Financial Statements**

**For the 52 week period ended 31 December 2016**



# **Local Press Limited**

## **Annual report and financial statements For the 52 week period ended 31 December 2016**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibility statement</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

# **Local Press Limited**

## **Officers and professional advisers**

**For the 52 week period ended 31 December 2016**

### **Directors**

A G M Highfield

D J King

### **Company secretary**

P M McCall

### **Registered office**

2 Esky Drive

Carn Industrial Estate

Portadown

Co Armagh

Northern Ireland

BT63 5YY

### **Solicitors**

MacRoberts

Capella

60 York Street

Glasgow

G2 8JX

### **Independent auditor**

Deloitte LLP

Statutory Auditor

2 New Street Square

London

EC4A 3BZ

United Kingdom

# **Local Press Limited**

## **Directors' report**

### **For the 52 week period ended 31 December 2016**

The Directors, who are also Directors of the ultimate parent company Johnston Press plc (the "Group") present their annual report on the affairs of the Local Press Limited (the Company), together with the financial statements and auditor's report, for the 52 week period ended 31 December 2016.

In accordance with the provisions of s414B Companies Act 2006 and s415A Companies Act 2006, the Company is entitled to the small company's exemption in relation to the Directors' report for the financial period.

#### **Activities and results**

The Company has previously been dormant as defined in section 1169 of the Companies Act 2006 throughout the preceding financial period and has been activated by an impairment of investments and intercompany receivables recorded in the period.

The Company's ability to continue as a going concern is dependent on the continued operation of the Group and the outcome and timing of the strategic review and the associated uncertainties described in the Group's going concern and viability statement.

The Directors have completed a review of Johnston Press plc's investment in subsidiaries, intangible assets and intercompany balances and impaired the investment in the ultimate parent Company's financial statements and intangible assets in the Group financial statements. The Directors of the Company have reviewed the Company's investments and intercompany receivables and recorded a provision for impairment in the profit and loss account due to uncertainties associated with the recoverability of the balances.

The Company had no employees, other than the Directors, during either period. The Directors received no remuneration for their services to the Company in either period.

The result for the period is shown in the profit and loss account on page 8.

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities during the forthcoming financial period.

The financial position of the Company is set out in the balance sheet on page 10.

Johnston Press plc, the ultimate parent company of the Group, provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the Directors believe that performance indicators and principal risks or uncertainties specific to the Company are not necessary or appropriate for an understanding of the development, performance, position or future developments of the business. The publicly available annual report of Johnston Press plc reviews these matters on a Group basis (refer to note 11).

#### **Financial risk management and credit risk**

The Company's principal assets subject to credit risk are intercompany receivables. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses short-term intercompany debt finance. The recoverability of intercompany balances are subject to risk as discussed in the going concern narrative and in note 6 and recoverability is dependent on the outcome of the strategic review. The Company is also a guarantor to external Group finance (refer to note 10 for further details) and where necessary, has access to these facilities via internal transfers from the parent company and, other Group companies.

## **Local Press Limited**

### **Directors' report (continued)**

#### **For the 52 week period ended 31 December 2016**

##### **Liquidity and going concern**

The Company is part of the Johnston Press plc Group, which has published its audited consolidated financial statements to 31 December 2016 and interim report to 1 July 2017.

The Company is a guarantor under the Group financing arrangements dated 23 June 2014. All intercompany receivables are subordinated to the Bond.

The Company's ability to continue as a going concern is dependent on the continued operation of the Group. The Company utilises intercompany funding provided by other Group companies.

The Company's ability to continue as a going concern is also dependent on the outcome and timing of the strategic review and the associated uncertainties described in the Group's going concern and viability statement.

Although the Company is in a net liability position, this is due to amounts owing to group undertakings due within the next 12 months; the demand for repayment of which, is within the control of the ultimate parent Company, Johnston Press plc. The ultimate parent Company has provided a letter to the Company to confirm that there is no intention to demand repayment within the foreseeable future.

On 29 March 2017 the Group announced it had commenced a strategic review, working with its advisers Rothschild and Ashurst LLP, to assess the financing options open to the Group in relation to the £220 million 8.625% senior secured notes which become due for repayment on 1 June 2019. As a key part of the strategic review process, the Board has engaged with its major stakeholders, including shareholders, holders of senior secured notes, Pension Trustees and the Pensions Regulator.

As at 1 July 2017, the Group had net debt (excluding mark to market) of £191.2 million, comprising cash of £28.8 million and borrowings of £220 million. The borrowings comprise £220 million of high yield Bonds (senior secured notes), which are repayable in full on 1 June 2019 and are not subject to any financial maintenance covenants.

For the purposes of the Group financial statements issued 29 March 2017, the Group performed a review of its financial resources taking into account, inter alia, the cash available to the Group, the lack of financial maintenance covenants in the high yield Bonds, and the Group's cash flow projections for at least the 12 month period from the date of that report. Based on that review, and after considering reasonably possible downside sensitivities and uncertainties, the Board was of the opinion that the Group had adequate financial resources to meet its operational needs for at least the next 12 months from the date of that report and, as a result, the Directors concluded that it was appropriate to prepare the Group's financial statements on a going concern basis.

Consideration has been given by the Directors to the financial position of the Group over a longer period of time in the viability statement, included in both the 2016 annual report and the 2017 interim report issued 2 August 2017.

In the 2016 annual report and accounts dated 29 March 2017, the Directors presented a viability statement in accordance with provision C.2.2 of the Corporate Governance Code. A viability statement is not formally required to be presented in the interim results announcements or in individual entity financial statements. However, in light of the ongoing strategic review of financing options, for the interims, the Directors reproduced the statement that was included in the 2016 annual report and accounts commenting on the three year period from 29 March 2017. Further details of the Group liquidity and going concern position are detailed in the 2016 annual report included within the viability statement on page 46 and in the 2017 interim report included within the viability statement on page 14.

The Company's ability to continue as a going concern is directly dependent on the outcome and timing of the strategic review, and the associated uncertainties described in the Group's going concern and viability statement. Having performed review of the financial resources available to the Company and the Group, the Directors have concluded it is appropriate to prepare the financial statements on a going concern basis.

##### **Dividends**

No dividends have been paid or proposed by the Directors (2 January 2016: £nil).

## **Local Press Limited**

### **Directors' report (continued)**

#### **For the 52 week period ended 31 December 2016**

##### **Directors**

The Directors who served throughout the year were as follows:

A G M Highfield  
D J King

##### **Directors' liability**

As permitted by the Companies Act 2006, the Group has insurance cover for the Directors against liabilities in relation to the Company.

##### **Future developments and events after the balance sheet date**

The Group issued its interim results for the 26 week period ended 1 July 2017 on 2 August 2017. Refer to note 19 in those interim results for details of events that occurred after the balance sheet date. There are no other events requiring disclosure.

##### **Auditor**

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting, pursuant to s487 of the Companies Act 2006.

##### **Statement of disclosure of information to the auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

##### **Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in subsequent periods. Objections to this basis of preparation may be served on the Company by Johnston Press plc, as the immediate parent and sole shareholder of the entity.

Approved by the Board of Directors and signed by order of the Board.



D J King  
Director

30 October 2017

## **Local Press Limited**

### **Directors' responsibility statement**

#### **For the 52 week period ended 31 December 2016**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Local Press Limited**

We have audited the financial statements of Local Press Limited for the 52 week period ended 31 December 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.



## **Independent auditor's report to the members of Local Press Limited (continued)**

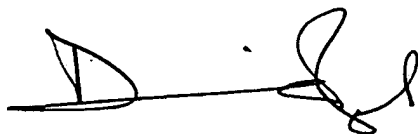
### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report or from the requirement to prepare a strategic report.

### **Other matter**

As the company was exempt from audit under section 477 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.



David Bell CA  
(Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
25<sup>th</sup> October 2017

## Local Press Limited

### Profit and loss account

For the 52 week period ended 31 December 2016

	Notes	31 December 2016 £'000	2 January 2016 £'000
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Impairment of intercompany receivables	3	(1,154)	-
Impairment of investments	3	(47,367)	-
(Loss)/result before tax		(48,521)	-
Tax	4	-	-
(Loss)/result for the financial period		(48,521)	-

The current and prior periods' results have been derived wholly from continuing operations.

The comparative numbers are for the 52 week period ended 2 January 2016.

The accompanying notes are an integral part of these financial statements.

## Local Press Limited

### Statement of comprehensive income For the 52 week period ended 31 December 2016

	31 December 2016 £'000	2 January 2016 £'000
(Loss)/result for the period	(48,521)	-
Total comprehensive (loss)/result	<u>(48,521)</u>	<u>-</u>
(Loss)/result for the period attributable to:		
Equity shareholders of the company	(48,521)	-
	<u>(48,521)</u>	<u>-</u>
Total comprehensive (loss)/result for the period attributable to:		
Equity shareholders of the company	(48,521)	-
	<u>(48,521)</u>	<u>-</u>

The comparative numbers are for the 52 week period ended 2 January 2016.

The accompanying notes are an integral part of these financial statements.

# Local Press Limited

## Balance sheet

As at 31 December 2016

	Notes	31 December 2016 £'000	2 January 2016 £'000
<b>Fixed assets</b>			
Investments	5	-	47,367
<b>Current assets</b>			
Debtors – due within less than one year	6	-	1,154
<b>Current liabilities</b>			
Creditors – due within less than one year	7	(53,899)	(53,899)
<b>Total assets less current liabilities</b>		<u>(53,899)</u>	<u>(5,378)</u>
<b>Net liabilities</b>		<u>(53,899)</u>	<u>(5,378)</u>
<b>Capital and reserves</b>			
Called-up share capital	8	365	365
Share premium account	9	1,269	1,269
Profit and loss account	9	(55,533)	(7,012)
<b>Shareholder's deficit</b>		<u>(53,899)</u>	<u>(5,378)</u>

The accompanying notes are an integral part of these financial statements.

The financial statements of Local Press Limited, registered number NI048525 were approved by the Board of Directors on 30 October 2017 and signed on their behalf:



D J King  
Director

## Local Press Limited

### Statement of changes in equity

For the 52 week period ended 31 December 2016

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 2 January 2016	365	1,269	(7,012)	(5,378)
Loss for the financial period	-	-	(48,521)	(48,521)
Total movements	-	-	(48,521)	(48,521)
At 31 December 2016	365	1,269	(55,533)	(53,899)

## Local Press Limited

### Notes to the financial statements

#### For the 52 week period ended 31 December 2016

##### 1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding periods, is set out below:

##### **General information and basis of accounting**

Local Press Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Unex House - 2 Esky Drive, Portadown, BT63 5YY, Northern Ireland. The Company is an active non-trading entity, whose principle assets and liabilities are held with fellow entities within the Group. The Company has been activated by an impairment of investments and intercompany receivables recorded in the period.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key personnel.

The Company has taken advantage of the presentation exemptions available to it under s400 of the Companies Act 2006 in respect of presenting consolidated financial statements.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

##### **Liquidity and going concern**

The Company is part of the Johnston Press plc Group, which has published its audited consolidated financial statements to 31 December 2016 and interim report to 1 July 2017.

The Company is a guarantor under the Group financing arrangements dated 23 June 2014. All intercompany receivables are subordinated to the Bond.

The Company's ability to continue as a going concern is dependent on the continued operation of the Group. The Company utilises intercompany funding provided by other Group companies.

The Company's ability to continue as a going concern is also dependent on the outcome and timing of the strategic review and the associated uncertainties described in the Group's going concern and viability statement.

Although the Company is in a net liability position, this is due to amounts owing to group undertakings due within the next 12 months; the demand for repayment of which, is within the control of the ultimate parent Company, Johnston Press plc. The ultimate parent Company has provided a letter to the Company to confirm that there is no intention to demand repayment within the foreseeable future.

On 29 March 2017 the Group announced it had commenced a strategic review, working with its advisers Rothschild and Ashurst LLP, to assess the financing options open to the Group in relation to the £220 million 8.625% senior secured notes which become due for repayment on 1 June 2019. As a key part of the strategic review process, the Board has engaged with its major stakeholders, including shareholders, holders of senior secured notes, Pension Trustees and the Pensions Regulator. As at 1 July 2017, the Group had net debt (excluding mark to market) of £191.2 million, comprising cash of £28.8 million and borrowings of £220 million. The borrowings comprise £220 million of high yield Bonds (senior secured notes), which are repayable in full on 1 June 2019 and are not subject to any financial maintenance covenants.

## **Local Press Limited**

### **Notes to the financial statements (continued)**

#### **For the 52 week period ended 31 December 2016**

##### **1. Accounting policies (continued)**

For the purposes of the Group financial statements issued 29 March 2017, the Group performed a review of its financial resources taking into account, inter alia, the cash available to the Group, the lack of financial maintenance covenants in the high yield Bonds, and the Group's cash flow projections for at least the 12 month period from the date of that report. Based on that review, and after considering reasonably possible downside sensitivities and uncertainties, the Board was of the opinion that the Group had adequate financial resources to meet its operational needs for at least the next 12 months from the date of that report and, as a result, the Directors concluded that it was appropriate to prepare the Group's financial statements on a going concern basis.

Consideration has been given by the Directors to the financial position of the Group over a longer period of time in the viability statement, included in both the 2016 annual report and the 2017 interim report issued 2 August 2017.

In the 2016 annual report and accounts dated 29 March 2017, the Directors presented a viability statement in accordance with provision C.2.2 of the Corporate Governance Code. A viability statement is not formally required to be presented in the interim results announcements or in individual entity financial statements. However, in light of the ongoing strategic review of financing options, for the interims, the Directors reproduced the statement that was included in the 2016 annual report and accounts commenting on the three year period from 29 March 2017.

Further details of the Group liquidity and going concern position are detailed in the 2016 annual report included within the viability statement on page 46 and in the 2017 interim report included within the viability statement on page 14.

The Company's ability to continue as a going concern is directly dependent on the outcome and timing of the strategic review, and the associated uncertainties described in the Group's going concern and viability statement. Having performed review of the financial resources available to the Company and the Group, the Directors have concluded it is appropriate to prepare the financial statements on a going concern basis.

##### **Investments**

Investments are stated at cost less provision for any impairment.

##### **Financial assets and liabilities**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each period end date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance for estimated irrecoverable amounts. Changes in the carrying value of this allowance are recognised in the profit and loss account.

# Local Press Limited

## Notes to the financial statements (continued) For the 52 week period ended 31 December 2016

### 1. Accounting policies (continued)

#### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in note 1, management have made the following judgements that have had a significant effect on the amounts recognised in the financial statements:

#### Impairment of investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires a review of the net assets of the subsidiary. The Directors of the Company have reviewed the Company's investments and recorded a provision for impairment in light of the uncertainty around the outcome and timing of the strategic review and the significant uncertainty over the future profitability of the titles relative to the carrying value of the assets.

#### Intercompany debtors

The recoverability of the intercompany receivables from the ultimate parent company is dependent on the outcome of the strategic review and its impact on the settlement of the bond and has been provided against.

### 3. Loss before taxation

Loss before taxation is stated after charging:

		31 December 2016 £'000	2 January 2016 £'000
	Notes		
Impairment of intercompany receivables	6	1,154	-
Impairment of investments	5	47,367	-

The auditor's remuneration in the current and prior period was borne by another group undertaking. The Directors estimate that the amount relating to the Company's statutory audit was £2,000 (2 January 2016: £nil).

The Directors who held office during 2016 were also Directors of the ultimate parent company, Johnston Press plc, or other fellow subsidiaries, and did not receive or accrue emoluments in respect of their services to the Company in either period. All remuneration was settled by other Group companies. Further details of the Directors' emoluments are included in the Johnston Press plc 2016 annual report (refer to note 11).

The Company employed no staff during the period (2 January 2016: nil).



# Local Press Limited

## Notes to the financial statements (continued) For the 52 week period ended 31 December 2016

### 4. Tax on loss

The tax result comprises:

	31 December 2016 £'000	2 January 2016 £'000
<b>Current tax on loss</b>		
UK corporation tax - current period	-	-
<b>Total tax on loss</b>	-	-

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 20% (2 January 2016: 20.25%) to the loss before tax is as follows:

	31 December 2016 £'000	2 January 2016 £'000
Loss before tax	(47,367)	-
Tax on loss at standard UK corporation tax rate of 20% (2 January 2016: 20.25%)	9,473	-
Effects of:		
Expenses not deductible in determining taxable losses	(9,473)	-
<b>Total tax result for the period</b>	-	-

The standard rate of UK corporation tax applied to the reported result is 20.0%. The UK corporation tax rate will reduce to 19% for the year beginning 1 April 2017, and to 17% for the year beginning 1 April 2020.

### 5. Investments

	31 December 2016 £'000	2 January 2016 £'000
<b>Cost</b>		
As at start and end of financial period	47,367	47,367
<b>Impairment</b>		
As at start of the financial period	-	-
Charge	47,367	-
As at end of the financial period	47,367	-
<b>Net book value</b>	-	47,367

The Company tests the carrying value of investments on an annual basis. Where the investment value exceeds the net assets of the subsidiary an impairment is recognised.

The Directors have completed a detailed review of the Company's investment balances and have raised a provision for impairment of £47.4 million (2 January 2016: £nil), writing down the carrying value to a nominal £1.

## Local Press Limited

### Notes to the financial statements (continued) For the 52 week period ended 31 December 2016

#### 5. Investments (continued)

##### Investments

The subsidiaries of the Company at 31 December 2016 are shown below. During the period The Derry Journal Limited and Century Newspapers Limited had their registered offices at 2 Esky Drive, Carn Industrial Estate, Portadown, Co Armagh, Northern Ireland, BT63 5YY. Century Press and Publishing Limited had its registered offices at Unex House - Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, England, PE1 1NG.

Subsidiary undertakings	Principal activity	Country of incorporation	% shareholding	Net deficit at 31 December 2016 £'000
The Derry Journal Limited	Publisher	United Kingdom	100%	5
Century Press and Publishing Limited	Dormant	United Kingdom	100%	-
Century Newspapers Limited	Dormant	United Kingdom	100%	-

#### 6. Debtors

	31 December 2016 £'000	2 January 2016 £'000
Amounts owed by group undertakings	-	1,145

Intercompany balances are interest free and repayable on demand and are controlled and managed centrally by the Group.

The Directors have performed an assessment of the recoverability of intercompany receivables across the Group. The recoverability of the intercompany receivables is dependent on the outcome of the strategic review and its impact on the settlement of the bond. The review has resulted in the Company recording a provision against the intercompany receivable, from other group companies, of £1.15 million (2 January 2016: £nil).

#### 7. Creditors

	31 December 2016 £'000	2 January 2016 £'000
Amounts owed to group undertakings	53,899	53,899

Intercompany balances are interest free, repayable on demand and are controlled and managed centrally by the Group.

The Company has received confirmation from its parent Company and Johnston Publishing Limited that there is no intention to demand repayment in the foreseeable future.

## Local Press Limited

### Notes to the financial statements (continued) For the 52 week period ended 31 December 2016

#### 8. Called-up share capital

	31 December 2016 £'000	2 January 2016 £'000
<b>Allotted, called-up and fully paid:</b>		
350,000 ordinary shares of £1 each	350	350
1,550,000 "A" ordinary shares of £0.01 each	15	15
	<u>365</u>	<u>365</u>

#### 9. Reserves

	31 December 2016 £'000	2 January 2016 £'000
Share premium account	1,269	1,269
Profit and loss account	<u>(55,533)</u>	<u>(7,012)</u>
	<u>(54,264)</u>	<u>(5,743)</u>

Share premium relates to consideration paid for shares in excess of face value of shares.

Profit and loss account relates to accumulated gains and losses and is not distributable.

#### 10. Financial commitments and guarantees

##### Value added tax

The Company is registered for VAT purposes in a group of undertakings, which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the Company. At 2 January 2016 the total liability of the group amounted to £956,000 (2 January 2016: £2,088,000), which is substantially accounted for in Johnston Publishing Limited.

##### Security

On 23 June 2014 Johnston Press plc completed its 'Capital Refinancing Plan' using the proceeds of an issue of new Placing Shares and Right Issue Shares (£140m) and a New Bond Issue (£220.5m) to repay all amounts outstanding to its previous Lenders. The Capital Refinancing Plan also involved Johnston Press plc entering into a New Revolving Credit Facility (£25m).

With effect from 23 June 2014, various subsidiary entities within the Group entered into new security arrangements in connection with the New Bonds and the New Revolving Credit Facility granting first ranking fixed and floating charges over its assets.

The New Revolving Credit Facility that was in place since 23 June 2014 was cancelled following the disposal completion of Johnston Publishing East Anglia Limited to Iliffe Media Limited (for a gross consideration of £17m), as announced on 17 January 2017.

Further details of the financing arrangements of Johnston Press plc and its subsidiaries are contained in the consolidated financial statements of Johnston Press plc to 31 December 2016 and the interim consolidated financial statements of Johnston Press plc to 1 July 2017.

At 1 July 2017 Johnston Press plc and its subsidiaries had total net debt of £118,577,000 (December 2016: £126,942,000 & 2 January 2016: £146,055,000).

## **Local Press Limited**

### **Notes to the financial statements (continued) For the 52 week period ended 31 December 2016**

**11. Immediate and ultimate parent company**

The immediate and ultimate parent company is Johnston Press plc, a company incorporated in the United Kingdom and registered in Scotland.

The only group in which the results of the Company are consolidated is that headed by Johnston Press plc. The financial statements of Johnston Press plc are available to the public and may be obtained from Johnston Press plc, Orchard Brae House, 30 Queensferry Road, Edinburgh EH4 2HS.

**12. Post balance sheet events**

The Group issued its interim results for the 26 week period ended 1 July 2017 on 2 August 2017. Refer to note 19 in those interim results for details of events that occurred after the balance sheet date. There are no other events requiring disclosure.