

Bedfordshire Newspapers Limited

Officers and professional advisers

For the 52 week period ended 30 December 2017

Directors

D J King

Company secretary

P M McCall

Registered office

Unex House - Suite B

Bourges Boulevard

Peterborough

Cambridgeshire

England

PE1 1NG

Solicitors

MacRoberts

Capella

60 York Street

Glasgow

G2 8JX

TUESDAY



S7CBBONC

SPE

14/08/2018

#114

COMPANIES HOUSE

Bedfordshire Newspapers Limited

Directors' report (continued) For the 52 week period ended 30 December 2017

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 Bedfordshire Newspapers Limited ('the Company'), together with the financial statements, for the 52 week period ended 30 December 2017.

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 been dormant as defined in section 1169 of the Companies Act 2006 throughout the current and preceding financial period. It is anticipated that the Company will remain dormant for the foreseeable future.

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 material uncertainties described in the Group's Liquidity and going concern and Viability statement paragraphs of the Directors Governance report of the Group's Annual Report.

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 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 5.

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.

Liquidity and going concern

The Company is part of the Group, which has published its audited consolidated financial statements to 30 December 2017.

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 to the Company by other Group companies.

As at 30 December 2017, the Group had net debt of £195.9 million (excluding mark-to-market accounting adjustment), comprising cash of £25 million, finance leases of £0.9 million and borrowings of £220 million. The borrowings comprise £220 million of high yield bonds ('the Bonds'), which are repayable on 1 June 2019 and are not subject to any financial maintenance covenants.

On 29 March 2017, the Group announced it had commenced a Strategic Review, working with its advisers NM Rothschild & Sons and Ashurst LLP, to assess the financing options open to the Group in relation to the Bonds. As a key part of this Strategic Review process, the Board has engaged with its major stakeholders, including shareholders, holders of the Bonds, the Pension Trustees and the Pensions Regulator.

On 10 October 2017, the Group announced that it was approaching its largest bondholders regarding the formation of an ad hoc committee of bondholders ('the Bondholder Committee') to consider in greater detail certain potential amendments to the Group's capital structure, combined with certain proposed amendments to the Group's pension scheme. On 2 November 2017, the Group confirmed that the Bondholder Committee had been formed.

As announced by the Group on 5 June 2018, no agreement on those potential amendments has been reached. However, the Group is continuing to work with the Bondholder Committee and its other stakeholders on a number of alternative strategic options for the repayment, restructuring, refinancing, satisfaction or other retirement of the Bonds prior to June 2019. As clarified in a further announcement on 5 June 2018, one of the strategic options being explored is a Regulated Apportionment Arrangement with the Pension Trustees and the Pension Regulator, in respect of which the Group has recently commenced discussions with the relevant parties.

Bedfordshire Newspapers Limited

Directors' report (continued)

For the 52 week period ended 30 December 2017

Liquidity and going concern (continued)

The Board is satisfied with the constructive engagement of the Group's major stakeholders during the Strategic Review process. However, there can be no certainty that any formal proposal will be forthcoming from the Group's continued discussions with these stakeholders, and any formal proposal that may result will remain subject to negotiation and the consent of relevant stakeholders.

The Group has performed a review of its financial resources taking into account, inter alia, the cash currently available to the Group, the absence of financial maintenance covenants in the Bonds, and the Group's cash flow projections for the twelve month period from the date of this report, and, based on this review, and after considering reasonably possible trading downside sensitivities and uncertainties, the Board is of the opinion that, subject to the material uncertainty surrounding the Group's ability to refinance the Bonds at par in the market on commercially acceptable terms (referred to below), the Group has adequate financial resources to meet its operational cash flow requirements for the next twelve months from the date of this report. Subject to this material uncertainty, the Directors also anticipate that the Group will remain in a position to meet its obligations in respect of the Bonds, including with regard to the payment of interest, in the period prior to their maturity.

However, given the challenges faced by the newspaper and printing industry as a whole, the current trading experience of the Group, and the likely financial position of the Group at the time the Bonds are due for repayment in June 2019, there is material uncertainty surrounding the Group's ability to refinance the Bonds at par in the market on commercially acceptable terms. Failure to repay, refinance, satisfy or otherwise retire the Bonds at their maturity would give rise to a default under the indenture governing the Bonds dated 16 May 2014, and this possibility indicates a material uncertainty that may cast significant doubt on the Group's, and therefore the Company's, ability to continue as a going concern and if the Strategic Review does not deliver a solution for the Group, then the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is directly dependent on the outcome and timing of the Strategic Review. Notwithstanding, and subject to, this material uncertainty, taking into account that (i) the Strategic Review is ongoing, (ii) the Group has adequate financial resources to meet its operational cash flow requirements for the twelve month period from the date of this report, and (iii) the Group is, and is anticipated to remain, in a position to meet its obligations in respect of the Bonds in the period prior to their maturity, the Directors have concluded it is appropriate to prepare the Company financial statements on a going concern basis.

Directors

The directors who served throughout the year were as follows:

A G M Highfield – resigned 5 June 2018

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

On 5 June 2018 Ashley Highfield resigned from his positions as a Director of the Company and CEO and a director of the Group.

For details of the current status of the Strategic Review, please see the 'Liquidity and going concern' section of this Directors' report.

There are no other events subsequent to period end and up to the date of this report requiring disclosure.

Bedfordshire Newspapers Limited


Directors' report (continued)

For the 52 week period ended 30 December 2017

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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

D J King
Director


14 August 2018

Bedfordshire Newspapers Limited

Balance sheet As at 30 December 2017

		30 December 2017 £'000	31 December 2016 £'000
	Notes		
Net current assets		-	-
Net assets		-	-
Capital and reserves			
Called-up share capital	3	1	1
Profit and loss account	4	(1)	(1)
Shareholder's funds		-	-

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

The Company did not trade during the current or preceding period and has made neither profit nor loss, nor any other items of comprehensive income. Bedfordshire Newspapers Limited is a dormant company, as defined by the Companies Act 2006, and has therefore elected to retain its accounting policies for reported assets, liabilities and equity at the date of transition to FRS 102 in accordance with the transition provisions in paragraph 35.10 in FRS 102. The accompanying notes are an integral part of these financial statements.

For the period ended 30 December 2017 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been delivered and prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements of Bedfordshire Newspapers Limited registered number 01021920 were approved and authorised for issue by the Board of Directors on 14 August 2018 and signed on their behalf:



D J King
Director

Bedfordshire Newspapers Limited

Notes to the financial statements (continued) For the 52 week period ended 30 December 2017

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

Bedfordshire Newspapers Limited is a Company incorporated and registered in the United Kingdom under the Companies Act 2006. The address of the registered office is Unex House - Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG. The Company is a dormant non-trading entity, whose principle assets and liabilities are held with fellow entities within the Group.

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 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 ('the Group'), which has published its audited consolidated financial statements to 30 December 2017.

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 to the Company by other Group companies.

As at 30 December 2017, the Group had net debt of £195.9 million (excluding mark-to-market accounting adjustment), comprising cash of £25 million, finance leases of £0.9 million and borrowings of £220 million. The borrowings comprise £220 million of high yield bonds ('the Bonds'), which are repayable on 1 June 2019 and are not subject to any financial maintenance covenants.

On 29 March 2017, the Group announced it had commenced a Strategic Review, working with its advisers NM Rothschild & Sons and Ashurst LLP, to assess the financing options open to the Group in relation to the Bonds. As a key part of this Strategic Review process, the Board has engaged with its major stakeholders, including shareholders, holders of the Bonds, the Pension Trustees and the Pensions Regulator.

On 10 October 2017, the Group announced that it was approaching its largest bondholders regarding the formation of an ad hoc committee of bondholders ('the Bondholder Committee') to consider in greater detail certain potential amendments to the Group's capital structure, combined with certain proposed amendments to the Group's pension scheme. On 2 November 2017, the Group confirmed that the Bondholder Committee had been formed.

As announced by the Group on 5 June 2018, no agreement on those potential amendments has been reached. However, the Group is continuing to work with the Bondholder Committee and its other stakeholders on a number of alternative strategic options for the repayment, restructuring, refinancing, satisfaction or other retirement of the Bonds prior to June 2019. As clarified in a further announcement on 5 June 2018, one of the strategic options being explored is a Regulated Apportionment Arrangement with the Pension Trustees and the Pension Regulator, in respect of which the Group has recently commenced discussions with the relevant parties.

The Board is satisfied with the constructive engagement of the Group's major stakeholders during the Strategic Review process. However, there can be no certainty that any formal proposal will be forthcoming from the Group's continued discussions with these stakeholders, and any formal proposal that may result will remain subject to negotiation and the consent of relevant stakeholders.

Bedfordshire Newspapers Limited

Notes to the financial statements (continued)

For the 52 week period ended 30 December 2017

1. Accounting policies

Liquidity and going concern (continued)

The Group has performed a review of its financial resources taking into account, inter alia, the cash currently available to the Group, the absence of financial maintenance covenants in the Bonds, and the Group's cash flow projections for the twelve month period from the date of this report, and, based on this review, and after considering reasonably possible trading downside sensitivities and uncertainties, the Board is of the opinion that, subject to the material uncertainty surrounding the Group's ability to refinance the Bonds at par in the market on commercially acceptable terms (referred to below), the Group has adequate financial resources to meet its operational cash flow requirements for the next twelve months from the date of this report. Subject to this material uncertainty, the Directors also anticipate that the Group will remain in a position to meet its obligations in respect of the Bonds, including with regard to the payment of interest, in the period prior to their maturity.

However, given the challenges faced by the newspaper and printing industry as a whole, the current trading experience of the Group, and the likely financial position of the Group at the time the Bonds are due for repayment in June 2019, there is material uncertainty surrounding the Group's ability to refinance the Bonds at par in the market on commercially acceptable terms. Failure to repay, refinance, satisfy or otherwise retire the Bonds at their maturity would give rise to a default under the indenture governing the Bonds dated 16 May 2014, and this possibility indicates a material uncertainty that may cast significant doubt on the Group's, and therefore the Company's, ability to continue as a going concern and if the Strategic Review does not deliver a solution for the Group, then the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is directly dependent on the outcome and timing of the Strategic Review. Notwithstanding, and subject to, this material uncertainty, taking into account that (i) the Strategic Review is ongoing, (ii) the Group has adequate financial resources to meet its operational cash flow requirements for the twelve month period from the date of this report, and (iii) the Group is, and is anticipated to remain, in a position to meet its obligations in respect of the Bonds in the period prior to their maturity, the Directors have concluded it is appropriate to prepare the Company financial statements on a going concern basis.

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 Profit and loss account 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 not made any judgement or estimate that have had a significant effect on the amounts recognised in the financial statements.

Bedfordshire Newspapers Limited

Notes to the financial statements (continued) For the 52 week period ended 30 December 2017

3. Called-up share capital

	30 December 2017 £'000	31 December 2016 £'000
Authorised:		
10,000 ordinary shares of £1 each	10	10
10 preferred US \$ shares of 0.1 cents each	-	-
	<u>10</u>	<u>10</u>
Allotted, called-up and fully paid:		
1,089 ordinary shares of £1 each	1	1
10 preferred US \$ shares of 0.1 cents	-	-
	<u>1</u>	<u>1</u>

4. Reserves

	30 December 2017 £'000	31 December 2016 £'000
Profit and loss account	<u>(1)</u>	<u>(1)</u>

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

5. Financial commitments

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 30 December 2017 the total liability of the group amounted to £222,100 (31 December 2016: £965,000).

6. 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 Braa House, 30 Queensferry Road, Edinburgh EH4 2HS.

7. Post balance sheet events

On 5 June 2018 Ashley Highfield resigned from his positions as a Director of the Company and CEO and a director of the Group.

For details of the current status of the Strategic Review, please see the 'Liquidity and going concern' section of the Directors' report on pages 2 to 4.

There are no other events subsequent to period end and up to the date of this report requiring disclosure.