Express Newspapers

Registration number: 141748

Annual Report and Financial Statements

52 weeks ended 29 December 2019

Express Newspapers
(Registration number: 141748)

Contents

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Officers and Registered Office

Directors	Jim Mullen
	Simon Fuller
	Reach Directors Limited
Company secretary	Reach Secretaries Limited
Registered office	One Canada Square Canary Wharf London E14 5AP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Strategic Report for the 52 weeks ended 29 December 2019

The directors present their Strategic Report for the 52 weeks ended 29 December 2019.

Fair review of the business

Business review
The magazines activities of a number of fellow group subsidiaries were transferred to the company at net book value through the entering into sale and purchase agreements effective from the start of the period.

This resulted in revenue increasing by 6% from £164,676,000 to £174,292,000. On a like for like basis, excluding the magazine activities, revenue decreased by 5% with print revenue decreasing by 8% and digital revenue increasing by 14%. The challenges in print advertising markets resulted in a decline in display advertising across a number of sectors. Circulation revenues remained flat with volume declines partially mitigated by cover price increases. Digital display and transactional revenue improved by 14%.

The average monthly circulation volumes of our national newspapers were as follows below:

	2019 Volume actual[a] 000	2018 Volume actual[a] 000
Daily Express	307	341
Daily Star	307	366
Sunday Express	266	297
Daily Star Sunday	184	223

a Average ABC circulation excluding sampling for the 12 months to December 2019 and December 2018.

Page views for our key websites are set out below:

	2019 Page Views[b]	2018 Page Views[b]
Daily Express	316,098,010	250,074,871
Daily Star	69,202,474	95,119,430

b Google Analytics average monthly January to December 2019 versus January to December 2018.

Faced with the ongoing underlying revenue challenges, underlying costs have been reduced through natural mitigation and cost reduction actions. Restructuring charges in respect of cost reduction measures were £2,373,000 (2018: £7,421,000).

The company made an operating profit of £39,627,000 with an operating margin of 23% reflecting the significant reduction in one off costs which were incurred in 2018.

In the short term the directors expect continued challenges in print while continuing to drive digital and tightly managing costs to protect profits.

Financial position and future prospects
The financial position of the company is set out on page 12. The directors are satisfied as to the future prospects of the company. The company has continued to perform in line with management's expectations since the year end. The Board is confident that the company will make further good progress through the rest of the year delivering its customer-focused strategic objectives and digital growth ambitions.

The net assets of the company have increased by £38,102,000 (2018: decrease £81,959,000) to £335,186,000 (2018: £297,084,000) due to the profit for the period , the actuarial gains and losses, less the dividends paid to the immediate parent undertaking.

The financial risk management objectives are set out in the Directors' Report (page 4).

Strategic Report for the 52 weeks ended 29 December 2019 (continued)

Section 172 statement
From the perspective of the board, as a result of the Group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Group board in relation both to the Group and to this company. The board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the company, an explanation of how the group board has considered the matters set out in s172 (for the Group and for the company) is set out on page 42 of the Reach plc annual report, which does not form part of this report.

Section 172 compliance outlined in the 2019 Reach plc Annual Report is applicable to the company. This gives an overview of how the company has engaged with key stakeholders during the year, including shareholders, pension schemes, colleagues, customers and readers, suppliers, communities and its impact on the environment.

Key performance indicators
The key performance indicators that the company uses are revenue, operating profit, operating margin and audience measures. In a challenging market, as has been experienced during the period, the company seeks to target performance in line with or ahead of competitors or comparators taking account of the company's strategy. The key performance indicators are outlined in the business review above.

Principal risks and uncertainties
The principal risks and uncertainties outlined in the 2019 Reach plc Annual Report are applicable to the company. The principal risk to the company is that the structural challenges facing print media results in a faster than anticipated loss of print revenue, and the growth of digital revenue is not sufficient, over time, to offset these declines. The directors look to mitigate this risk by the continuing focus on reducing costs. A further risk to the company is that pension deficits may grow at such a rate such that annual funding costs consume a disproportionate level of profit. The directors remain committed to addressing our historical pension deficits and continue to make significant payments to the schemes. Next triennial valuation to be agreed in 2020.

Since year end a number of the principal risks and uncertainties have been impacted by COVID-19. The Company took a number of mitigating actions to minimise the impact of the outbreak, including reducing salaries furlough staff and agree a deferment of pension contributions and in July to transform the business and will continue to monitor this risk closely. The impact on the Company's revenues have gradually improved since April. There remains uncertainty around when circulation and advertising revenues will return to more normalised levels.

Approved by the Board on 17 December 2020 and signed on its behalf by:

....

Reach Directors Limited
Director

Directors' Report for the 52 weeks ended 29 December 2019

The directors present their report and the financial statements for the 52 weeks ended 29 December 2019.

Directors of the company
The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Jim Mullen (appointed 16 August 2019)

Simon Fuller (appointed 1 March 2019)

Simon Fox (resigned 16 August 2019)

Vijay Vaghela (resigned 30 June 2019)

Reach Directors Limited

Principal activity
The principal activity of the company is that of publishing of newspapers, magazines and related digital activities and it is part of the Publishing division of Reach plc. Key brands include the Daily Express, the Sunday Express, the Daily Star, the Daily Star Sunday, OK! magazine and websites.

Results and dividends
The results for the period are set out on page 9. The profit for the period of £32,441,000 (2018: loss £77,994,000) has been transferred to (2018: from) reserves. During the period, a dividend of £10,000,000 was paid to the immediate parent undertaking (2018: £10,000,000). No dividends have been proposed or paid since the period end.

Employee related matters
Communication and participation of employees is achieved through formal and informal management and staff briefings and where relevant, formal union procedures. Where appropriate, communication is by individual personal letter or circular. The company policy is to give fair and equal consideration to the recruitment, employment and career development of disabled persons where suitable opportunities arise and to provide such training and other assistance as may be necessary and practicable. Employees who become disabled and are unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment. Our employees participate in incentive schemes either through the Management Bonus Scheme, a local business incentive scheme or, for all other qualifying employees, through inclusion in the Group's Employee Bonus Scheme. During the year, a new Internal Communications position was created to ensure our people are informed, engaged and included in what's important in our business.

Financial risk management policies and objectives
The company's operations expose it to financial risks that include credit, liquidity and foreign exchange risk. The company has mechanisms in place that seek to limit the impact of the adverse effects of these risks on the financial performance of the company.

Credit risk management
Credit risk refers to the risk that a counter-party with the company will default on its contractual obligations resulting in a financial loss. Credit risk for the company considers both external and inter-group debt. In respect of external debt, the company has adopted a policy of only dealing with creditworthy counterparties and ongoing credit evaluation is performed on the financial condition of trade receivables. In respect of inter-group receivables, the position of the counter-party, and the level of support provided by the wider Reach plc group are considered.

Liquidity risk management
The company, taking into consideration the support of the Reach plc group as required, actively manages its finances to ensure that it has sufficient funds available for its operations and to meet its obligations.

Foreign currency risk management
The entity, as part of the wider Reach plc group, undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts where appropriate.

Financial position and future prospects
The financial position and future prospects of the company is set out in the Strategic Report on page 2.

Directors' Report for the 52 weeks ended 29 December 2019 (continued)

Going concern basis

In determining whether the company's financial statements can be prepared on a going concern basis the directors have considered the factors likely to affect the future development, performance and financial position of the company. In particular, the directors have reviewed the assessment, particularly as a result of the COVID-19 outbreak. The company has faced reductions in revenue ahead of the declines expected but the company has taken a number of mitigating actions to protect profits and cash flow.

The company has net current assets of £310,069,000 at 29 December 2019, which includes net amounts owed from other subsidiary undertakings of Reach plc of £313,767,000. The directors note that Reach plc Group has a strong balance sheet and liquidity with a net cash positive position of £41.9m at 28 June 2020. This represents a cash balance of £66.9m less £25.0m which has been drawn from the Group's revolving credit facility of £65.0m.

At the date of signing of these financial statements the directors have considered all the factors impacting the company's business, including downside sensitivities and the strong balance sheet of Reach plc. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

Directors' liabilities

During the period and as at the date of signing the annual report and financial statements, the ultimate parent company has in place a directors' and officers' liability insurance policy which includes the company.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Independent auditors

On 24 July 2019 PricewaterhouseCoopers LLP were appointed as the company's independent auditors. The auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 17 December 2020 and signed on its behalf by:

Reach Directors Limited
Director

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Independent Auditor's Report to the Members of Express Newspapers

Report on the audit of the financial statements

Opinion
In our opinion, Express Newspapers financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2019 and of its profit for the 52 week period (the 'period') then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise the; Balance Sheet, as at 29 December 2019; Profit and Loss Account; Statement of Comprehensive Income; Statement of Changes in Equity for the period then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent Auditor's Report to the Members of Express Newspapers (continued)

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 29 December 2019 is consistent with the financial statements and 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 did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 6, 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 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 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.

Use of our report
This report, including the opinions, has been prepared for only the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required 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.

We have no exceptions to report arising from this responsibility.

Stuart Newman

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Stuart Newman (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

17 December 2020

Express Newspapers
(Registration number: 141748)

Profit and Loss Account
for the 52 weeks ended 29 December 2019 (52 weeks ended 30 December 2018)

	Note	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Turnover	3	174,292	164,676
Cost of sales		(97,845)	(65,422)
Gross profit		76,447	99,254
Distribution costs		(13,049)	(7,709)
Administrative expenses		(23,771)	(166,118)
Loss on disposal of fixed asset investments		-	(4,500)
Operating profit/(loss)	4	39,627	(79,073)
Net interest receivable		24	-
Pension finance credit/(charge)	13	300	(310)
Profit/(loss) on ordinary activities before tax		39,951	(79,383)
Tax on profit/(loss) on ordinary activities	6	(7,510)	1,389
Profit/(loss) for the period		32,441	(77,994)

The above results were derived from continuing operations.

The notes on pages 13 to 29 form an integral part of these financial statements.

Express Newspapers
(Registration number: 141748)

Statement of Comprehensive Income
for the 52 weeks ended 29 December 2019 (52 weeks ended 30 December 2018)

	Note	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Profit/(loss) for the period		32,441	(77,994)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on pension schemes' (net)	6, 13	15,661	6,035
Total comprehensive income/(loss) for the period		48,102	(71,959)

The notes on pages 13 to 29 form an integral part of these financial statements.

Statement of Changes in Equity
for the 52 weeks ended 29 December 2019 (52 weeks ended 30 December 2018)

	Called up Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	25,058	250,023	103,962	379,043
Loss for the period	-	-	(77,994)	(77,994)
Other comprehensive income	-	-	6,035	6,035
Total comprehensive loss	-	-	(71,959)	(71,959)
Dividends	-	-	(10,000)	(10,000)
At 30 December 2018	25,058	250,023	22,003	297,084

	Called up share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 31 December 2018	25,058	250,023	22,003	297,084
Profit for the period	-	-	32,441	32,441
Other comprehensive income	-	-	15,661	15,661
Total comprehensive income	-	-	48,102	48,102
Dividends	-	-	(10,000)	(10,000)
At 29 December 2019	25,058	250,023	60,105	335,186

The notes on pages 13 to 29 form an integral part of these financial statements.

Express Newspapers
(Registration number: 141748)

Balance Sheet

at 29 December 2019 (at 30 December 2018)

	Note	29 December 2019 £ 000	30 December 2018 £ 000
Fixed assets			
Tangible fixed assets	8	-	268
Investments	9	-	-
		-	268
Current assets			
Deferred tax asset	6	-	5,641
Stocks		-	156
Debtors	10	314,536	295,900
Cash at bank and in hand		38	8,378
		314,574	310,075
Creditors: Amounts falling due within one year	11	(4,505)	(18,892)
Net current assets		310,069	291,183
Total assets less current liabilities		310,069	291,451
Deferred tax liabilities	6	(2,148)	-
Provisions	12	(1,569)	(4,601)
Provisions for liabilities		(3,717)	(4,601)
Net assets excluding pension schemes' surplus		306,352	286,850
Pension schemes' surplus	13	28,834	10,234
Net assets		335,186	297,084
Equity capital and reserves			
Called up share capital	14	25,058	25,058
Share premium account	14	250,023	250,023
Profit and loss account	14	60,105	22,003
Total shareholders' funds		335,186	297,084

The financial statements on pages 9 to 29 were approved by the Board of Directors on 17 December 2020 and signed on its behalf by:

....
Simon Fuller
Director

Notes to the Financial Statements for the 52 weeks ended 29 December 2019

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:
One Canada Square
Canary Wharf
London
E14 5AP
United Kingdom

2 Basis of preparation and significant accounting policies

Statement of compliance
The company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

Basis of preparation
The financial statements of Express Newspapers, a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain key accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

For administrative convenience, the financial statements are made up to a suitable date near the end of the calendar year. These financial statements have been prepared for the 52 weeks ended 29 December 2019 and the comparative period has been prepared for the 52 weeks ended 30 December 2018.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The nature of the company's operations and its principal activity are set out in the Directors' Report on page 4.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, by virtue of section 400 of the Companies Act 2006, because it is included in the group accounts of Reach plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 17 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, disclosure of remuneration paid to auditors for non-audit services, related party transactions key assumptions in cash flow projections and qualitative and quantitative information related to changes in contract assets and contract liabilities. Where required, equivalent disclosures are given in the group accounts of Reach plc. The group accounts of Reach plc are available to the public and can be obtained as set out in note 17.

The company has applied the exemption available under FRS 101 in relation to the paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Going concern
The financial statements have been prepared on a going concern basis as set out in the Directors' Report.

Adoption of new and revised standards
There were no new amendments to IFRSs or new Interpretations effective for the current period for the company to adopt.

2 Basis of preparation and significant accounting policies (continued)

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue recognition
Revenue is measured at the fair value of the consideration received, net of applicable discounts and value added tax.

The sources of revenue for the company are circulation, print advertising (including digital classified which is predominately upsold from print), print other (contract publishing, syndication, reader offers and events) and digital (display and transactional revenue streams). Revenue is recognised when the performance obligations identified in the contract are fulfilled, with revenue being measured as the transaction price allocated in respect of that performance obligation.

Circulation revenue
The company sells newspapers and magazines through wholesalers on a sale and return basis. Revenue is recognised when the performance obligation has been fulfilled being when the publication has been delivered to the wholesaler. A receivable is recognised by the company when the wholesaler confirms the number of copies sold as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Print advertising revenue
Print advertising revenue includes digital classified revenue which is predominantly upsold from print advertising. The performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time revenue is recognised on a straight line basis over the period of the campaign reflecting the pattern in which the performance obligation is fulfilled. Rebates are recognised based on the level of agency spend over the contract period.

Print other revenue
Print other revenues includes contract publishing, syndication, readers offers and events. Within print other revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the product or holding of the event, or when the goods have been purchased by a reader or at a point when the service is provided and the performance obligation is fulfilled.

Digital revenue
For digital display advertising revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time revenue is recognised over the period of the online campaign on a straight line basis or pages served basis reflecting the pattern in which the performance obligation is fulfilled. For digital transaction revenue, the performance obligation is fulfilled, and revenue is recognised, when the service is provided.

Foreign currency transactions and balances
Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. At each reporting date, items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on settlement and on retranslation are included in the profit and loss account for the period.

Tangible fixed assets
Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and all directly attributable costs of bringing the asset to its location and condition necessary to operate as intended.

Depreciation is charged so as to write-off the cost, other than freehold land and assets under construction which are not depreciated, using the straight-line method over the estimated useful plant and equipment (3-25 years). Depreciation commences when the assets are ready for their intended use.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases. Assets held under finance leases are recognised at their fair value at the inception of the lease or, if lower, the present value of the minimum lease payments. The asset is recognised within property, plant and equipment and the corresponding liability to the lessor is included within obligations under finance leases. Lease payments are apportioned between finance charges which are charged to the income statement and reductions in the lease obligation. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Benefits received as incentives to enter into the agreement are spread on a straight-line basis over the lease term.

2 Basis of preparation and significant accounting policies (continued)

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

The corporation 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 tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited in the statement of comprehensive income or items charged or credited directly to equity, in which case the deferred tax is also dealt with in the statement of comprehensive income and equity respectively.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Investments
Fixed asset investments are stated at cost less provision for any impairment.

Financial instruments
Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets are measured at amortised cost. The principal financial asset is intercompany receivables which are unsecured and repayable on demand. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

Financial liabilities
Financial liabilities, including borrowings, are initially recognised at fair value and subsequently measured at amortised cost, net of transaction costs.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and short-term bank deposits with an original maturity of one week or less.

Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Called up share capital
Ordinary shares are classified as equity.

Dividends
Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved.

Defined contribution pension obligation
The company contributes to certain group defined contribution pension schemes. The amount charged to the profit and loss account is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2 Basis of preparation and significant accounting policies (continued)

Defined benefit pension obligation
The company is the sponsoring company for certain group defined benefit pension schemes which are all closed to new entrants and to future accrual.

The defined benefit pension schemes have been set up under trusts that hold their financial assets independently from those of the company and are controlled by trustees. The amount recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the reporting date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The resultant liability or asset of each scheme is included in non-current liabilities or non-current assets as appropriate. Any surplus recognised is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions. Where surpluses are not recognised, a liability is recognised being the value of future committed deficit contribution.

The defined benefit obligation is calculated at each reporting date by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds approximating to the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past service costs are recognised immediately in the profit and loss statement.

2.1 Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Defined benefit pension schemes
Actuarial assumptions adopted and external factors can significantly impact the surplus or deficit of defined benefit pension schemes. Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. These result in risk of a volatile valuation deficit and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value. Advice is sourced from independent and qualified actuaries in selecting suitable assumptions at each reporting date.

3 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Circulation	112,386	99,412
Advertising	30,223	39,041
Other	7,490	5,579
Print	150,099	144,032
Digital	24,193	20,644
Total turnover	174,292	164,676

The company's operations are located primarily in the United Kingdom.

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

3 Turnover (continued)

The analysis of the company's turnover for the period by market is as follows:

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
UK and Republic of Ireland	173,075	164,676
Continental Europe	1,217	-
	174,292	164,676

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Depreciation expense	-	840
Restructuring charges in respect of cost reduction measures	2,373	7,421
Operating lease rentals for land and buildings	1,526	2,762
Impairment in investments	-	39,268
Loss on disposal of tangible fixed assets	-	9,352
Reverse premium on lessee commitments	-	44,748
Exchange losses	32	24
Impairment of trade receivables	96	123

In the prior period and impairment review was carried out and resulted in the impairment charge of £39,268,000, all investments were written down to nil. In the prior period loss on isposals relate to transactions entered into prior to the acquisition by Reach plc group of the company in connection with the lease terminated for 10 Lower Thames Street. On 31 January 2018, the lease terminated for 10 Lower Thames Street resulting in a reverse premium payment of £44,748,000. On 1 February 2018, a new ten year lease agreement was entered for the rental of space at 10 Lower Thames Street.

The auditors' remuneration of £97,000 (2018: £103,000) for the audit of the statutory financial statements of this company has been borne and not recharged by another group company.

5 Information regarding directors and employees

All employees have an employment contract with a Group entity and provide services throughout the group. Staff costs disclosure relate to services provided by employees for this company:

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Wages and salaries	26,646	34,232
Social security costs	2,776	3,915
Pension costs	1,135	1,220
	30,557	39,367

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

5 Information regarding directors and employees (continued)

The average monthly number of employees charged to the company during the period is set out below:

	52 weeks ended 29 December 2019 No.	52 weeks ended 30 December 2018 No.
Production and editorial	354	352
Sales and distribution	65	76
Administration	20	67
	439	495

Directors' emoluments

The directors holding office during the period consider their services to the company are incorporated within their duties as directors of Reach Plc Group, it is not practical to allocate remuneration to each entity. No remuneration has been apportioned to the company.

6 Tax on profit/(loss) on ordinary activities

Tax charged/(credited) in the profit and loss account

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Current taxation		
UK corporation tax	2,637	-
UK corporation tax adjustment to prior periods	-	(2,732)
	2,637	(2,732)
Deferred taxation		
Arising from origination and reversal of temporary differences	4,854	1,343
Arising from changes in tax rates and laws	(367)	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	386	-
Total deferred taxation	4,873	1,343
Tax charge/(credit) in the profit and loss account	7,510	(1,389)

6 Tax on profit/(loss) on ordinary activities (continued)

The tax on profit/(loss) on ordinary activities for the period is higher than the standard rate of corporation tax in the UK (2018: lower than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Profit/(loss) before tax	39,951	(79,383)
Corporation tax at standard rate	7,591	(15,083)
UK corporation tax adjustment to prior periods	-	(2,732)
(Decrease)/increase from effect of expenses not deductible in determining (tax loss)/taxable profit	(100)	16,426
Deferred tax expense from unrecognised temporary difference from a prior period	386	-
Deferred tax credit relating to changes in tax rates or laws	(367)	-
Total tax charge/(credit)	7,510	(1,389)

The Finance Act 2015 included legislation to reduce the rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This change had been substantively enacted at the balance sheet date. The government has announced that the rate of corporation tax will not be reduced from 1 April 2020 and that it will remain at 19%, but this has not yet been enacted and therefore, the Group's deferred tax balances continue to be recorded at 17%.

The current tax liabilities amounted to £1,128,000 (2018: nil) at the reporting date.

Amounts recognised in other comprehensive income

	2019 Before tax £ 000	2019 Deferred tax £ 000	2019 Net of tax £ 000	2018 Before tax £ 000	2018 Deferred tax £ 000	2018 Net of tax £ 000
Actuarial gains on pension schemes	18,600	(2,939)	15,661	6,900	(865)	6,035

Deferred tax

Deferred tax movement during the period:

	At 31 December 2018 £ 000	Recognised in profit and loss £ 000	Recognised in other comprehensive income £ 000	Transfer from fellow subsidiaries relating to fixed assets £ 000	At 29 December 2019 £ 000
Accelerated tax depreciation	875	(278)	-	23	620
Short term timing differences	960	(682)	-	-	278
Tax losses carry-forwards	2,874	(2,874)	-	-	-
Pension benefit obligations	932	(1,039)	(2,939)	-	(3,046)
Net tax assets/(liabilities)	5,641	(4,873)	(2,939)	23	(2,148)

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

6 Tax on profit/(loss) on ordinary activities (continued)

Deferred tax movement during the prior period:

	At 31 December 2017 £ 000	Recognised in profit and loss £ 000	Recognised in other comprehensive income £ 000	At 30 December 2018 £ 000
Accelerated tax depreciation	(387)	1,262	-	875
Short term timing differences	282	678	-	960
Tax losses carry-forwards	2,947	(73)	-	2,874
Pension benefit obligations	5,007	(3,210)	(865)	932
Net tax assets/(liabilities)	7,849	(1,343)	(865)	5,641

7 Dividends paid

	52 weeks ended 29 December 2019 £ 000	52 weeks ended 30 December 2018 £ 000
Final dividend of £0.123 per each ordinary share	10,000	10,000

8 Tangible fixed assets

	Fixtures and fittings £ 000
Cost	
At 31 December 2018	686
Transfer to fellow subsidiary	(686)
At 29 December 2019	-
Accumulated Depreciation	
At 31 December 2018	(418)
Transfer to fellow subsidiary	418
At 29 December 2019	-
Carrying amount	
At 29 December 2019	-
At 30 December 2018	268

9 Investments

A full list of subsidiaries at the reporting date with a carrying value of nil (2018: nil) is appended on page 30 and forms part of these financial statements.

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

10 Debtors

	29 December 2019 £ 000	30 December 2018 £ 000
Trade debtors	-	13,597
Amounts owed from fellow subsidiary	313,767	277,760
Accrued income	699	-
Prepayments	70	4,468
Other debtors	-	75
	314,536	295,900

Intercompany balances are unsecured, non-interest bearing balances repayable on demand.

A fellow subsidiary undertaking operates a centralised debtors function for the Group which results in trade debtors balances of the company being recorded in the balance sheet of the fellow subsidiary undertaking with consideration being recorded through intercompany. Credit risk relating to these trade debtors is borne by the company.

11 Creditors: amounts falling due within one year

	29 December 2019 £ 000	30 December 2018 £ 000
Trade creditors	-	1,268
Accrued expenses	2,894	14,362
Social security and other taxes	4	2,931
Other creditors	-	331
Deferred income	479	-
Corporation tax liability	1,128	-
	4,505	18,892

A fellow subsidiary undertaking operates a centralised accounts payable function for the Group which results in trade creditor balances of the company being recorded in the balance sheet of the fellow subsidiary undertaking with consideration being recorded through intercompany.

12 Provisions

	Restructuring £ 000	Property £ 000	Libel £ 000	Total £ 000
At 31 December 2018	1,837	2,329	435	4,601
Additional provisions	2,373	-	224	2,597
Provisions utilised	(3,960)	(1,200)	(469)	(5,629)
At 29 December 2019	250	1,129	190	1,569
Non-current liabilities	-	500	-	500
Current liabilities	250	629	190	1,069

12 Provisions (continued)

The restructuring provision relates to restructuring charges incurred in the delivery of cost reduction measures. This provision is expected to be utilised within the next year.

The property provision relates to onerous property leases and future committed costs related to occupied, let and vacant properties. A majority of the provision will be utilised over the next two years and reflects the remaining term of the leases or expected period of vacancy.

The libel provision is expected to be utilised over the next year.

13 Pension and other schemes

Defined contribution pension scheme

The company contributes to a defined contribution pension scheme for qualifying employees: The Reach Pension Plan (the 'RPP'). The two company Personal Pension Plans for Express & Star employees were closed on 31 March 2019 with all members given the opportunity to join the RPP on 1 April 2019. The assets of the RPP scheme where employees have an individual account at Fidelity are held separately from those of the company in funds under the control of Trustees.

The current service cost charged to the profit and loss statement for the period of £1,134,799 (2018: £1,220,000) represents contributions paid by the company at rates specified in the scheme rules. All amounts that were due have been paid over to the schemes at all reporting dates.

Defined benefit pension schemes

The company announced the closure of the defined benefit schemes to future accrual from 31 December 2008. Prior to this date, the company contributed to the Express Newspapers 1988 Pension Fund (the 'EN88 Scheme') and the Express Newspapers Senior Management Pension Fund (the 'ENSM Scheme') - the company's defined benefit pension schemes.

Characteristics
The defined benefit pension schemes provide pensions to members, which are based on the final salary pension payable, normally from age 65 plus surviving spouses or dependents benefits following a member's death. Benefits increase both before and after retirement either in line with statutory requirements or in accordance with the scheme rules. Such increases are either at fixed rates or in line with retail or consumer prices but subject to upper and lower limits. The schemes are independent of the company with assets held independently of the company. The schemes are governed by Trustees who administer benefits in accordance with the schemes rules and appropriate UK legislation. The schemes have Trustees nominated by the members and by the company.

Maturity profile and cash flow
The invested assets are expected to be sufficient to pay the benefits due for the remainder of the lifetime of the schemes, based on the reporting date assumptions. The liabilities related 75% to current pensioners and their spouses or dependants and 25% related to deferred pensioners. The average term from the period end to payment of the remaining benefits is expected to be around 13 years. Pension payments in 2019, excluding lump sums and transfer value payments, were £23 million and these are projected to reduce in the future.

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

13 Pension and other schemes (continued)

Funding arrangements
The funding of the scheme is subject to UK pension legislation as well as the guidance and codes of practice issued by the Pensions Regulator. Funding targets are agreed between the Trustees and the company and are reviewed and revised usually every three years. The funding targets must include a margin for prudence above the expected cost of paying the benefits and so are different to the liability value for IAS 19 purposes. The funding deficits revealed by these triennial valuations are removed over time in accordance with an agreed recovery plan and schedule of contributions for the scheme.

The valuations of the schemes as at 5 April 2017 were agreed in the prior period. The valuations showed a deficit of £69.8 million for the EN88 Scheme and a deficit of £3.2 million for the ENSM Scheme.

As part of the agreement of the valuations, deficit funding contributions were agreed at £2.2 million for 2021 to 2023 and £2.0 million for 2024 to 2026 after which contributions are due to cease. In addition, expense contributions were agreed at £0.9 million for 2019 to 2027. The deficit is expected to be eradicated by 2026 by a combination of the contributions and asset returns. In addition, Reach plc agreed that in respect of dividend payments in 2018, 2019 and 2020 that additional contributions would be paid to the Group's schemes at 75% of the excess if dividends in 2018 are above 6.16 pence per share. For 2019 and 2020 the threshold increases in line with the increase in dividends capped at 10% per annum.

The future deficit funding commitments are linked to the three-yearly actuarial valuation. There is no link to the IAS 19 valuation which use different actuarial assumptions and are updated at each reporting date. The next funding valuation of the scheme has an effective date of 31 December 2019 and the valuation is required to be completed by 31 March 2021. Although the funding commitments do not generally impact the IAS 19 position, IFRIC 14 guides companies to consider for IAS 19 disclosures whether any surplus can be recognised as a balance sheet asset and whether any future funding commitments in excess of the IAS 19 liability should be provisioned for. Based on the interpretation of the rules of the scheme, the company considers that it has an unconditional right to any potential surplus on the ultimate wind-up of the scheme after all benefits to members have been paid. Under IFRIC 14 it is therefore appropriate to recognise any IAS 19 surpluses which may emerge in future, and not to recognise any potential additional liabilities in respect of future funding commitments.

The calculation of Guaranteed Minimum Pension ('GMP') is set out in legislation and members of pension schemes that were contracted out of the State Earnings-Related Pension Scheme ('SERPS') between 6 April 1978 and 5 April 1997 will have built up an entitlement to a GMP. GMPs were intended to broadly replicate the SERPS pension benefits but due to their design they give rise to inequalities between men and women, in particular, the GMP for a male comes into payment at age 65 whereas for a female it comes into payment at the age of 60 and GMPs typically receive different levels of increase to non GMP benefits. On 26 October 2018, the High Court handed down its judgement in the Lloyds Trustees vs Lloyds Bank plc and Others case relating to the equalisation of member benefits for the gender effects of GMP equalisation. This judgement creates a precedent for other UK defined benefit schemes with GMPs. The judgement confirmed that GMP equalisation was required for the period 17 May 1990 to 5 April 1997 and provided some clarification on legally acceptable methods for achieving equalisation. We have therefore included an allowance for GMP equalisation within liabilities at 30 December 2018. The estimate is subject to change as we undertake more detailed member calculations and/or as a result of future legal judgements.

13 Pension and other schemes (continued)

Risks

Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. This results in risk of a volatile valuation deficit and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value.

The main sources of risk are:

- Investment risk: a reduction in asset returns (or assumed future asset returns);
- Inflation risk: an increase in benefit increases (or assumed future increases); and
- Longevity risk: an increase in average life spans (or assumed life expectancy).

These risks are managed by:

- Investing a proportion of assets in other classes such as government and corporate bonds and in liability driven investments: changes in the values of the assets aim to broadly match changes in the values of the uninsured liabilities, reducing the investment risk, however some risk remains as the durations of the bonds are typically shorter than that of the liabilities and so the values may still move differently;
- Investing a proportion of assets in equities: with the aim of achieving outperformance and so reducing the deficits over the long term; and
- The gradual sale of equities over time to purchase additional annuity policies or liability matching investments: to further reduce risk as the schemes, which are closed to future accrual, mature.

Pension scheme accounting deficits are snapshots at moments in time and are not used by either the company or Trustees to frame funding policy. The company and Trustees are aligned in focusing on the long-term sustainability of the funding policy which aims to balance the interests of the company's shareholders and members of the schemes. The company and Trustees are also aligned in reducing pensions risk over the long term and at a pace which is affordable to the company.

The company is not exposed to any unusual, entity specific or scheme specific risks. Other than the impact of GMP equalisation, there were no plan amendments, settlements or curtailments in 2019 or 2018 which resulted in a pension cost.

Results

For the purposes of the company's financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the estimated value of the scheme assets at 29 December 2019.

Principal actuarial assumptions

Based on actuarial advice, the assumption used in calculating the scheme liabilities and actuarial values of these liabilities are:

	29 December 2019 %	30 December 2018 %
Discount rate	1.94	2.76
Retail price inflation rate	2.96	3.20
Consumer price inflation rate	2.01	2.00
Rate of pension increases in deferment	2.96	3.20
Rate of pension increases in payment	2.20	2.10

13 Pension and other schemes (continued)

Mortality assumptions – future life expectations from age 65

	29 December 2019 Years	30 December 2018 Years
Male currently aged 65	21.8	21.7
Female currently aged 65	24.1	23.6
Male currently aged 55	21.6	22.4
Female currently aged 55	24.0	24.4

Sensitivity analysis

The estimated impact on the IAS 19 liabilities and on the IAS 19 deficit at the reporting date, due to a reasonably possible change in key assumptions over the next year, are set out in the table below:

	29 December 2019	
	+ 0.5%	- 0.5%
Adjustment to discount rate	**£ 000**	**£ 000**
Effect on liabilities	(29,000)	31,000
Effect on deficit	(29,000)	31,000

	29 December 2019	
	+ 0.5%	- 0.5%
Retail price inflation rate	**£ 000**	**£ 000**
Effect on liabilities	4,000	(4,000)
Effect on deficit	4,000	(4,000)

	29 December 2019	
	+ 0.5%	- 0.5%
Consumer price inflation rate	**£ 000**	**£ 000**
Effect on liabilities	3,000	(3,000)
Effect on deficit	3,000	(3,000)

	29 December 2019	
	+ 1 Year	- 1 Year
Life expectancy at age 65	**£ 000**	**£ 000**
Effect on liabilities	27,000	(26,000)
Effect on deficit	27,000	(26,000)

The RPI sensitivity impacts the rate of increases in deferment for some of the pensions in the EN88 Scheme and the ENSM Scheme. The CPI sensitivity impacts the rate of increases in deferment for some of the pensions in most schemes and the rate of increases in payment for some of the pensions in payment for all schemes.

The effect on the deficit is usually lower than the effect on the liabilities due to the matching impact on the value of the insurance contracts held in respect of some of the liabilities. Each assumption variation represents a reasonably possible change in the assumption over the next year but might not represent the actual effect because assumption changes are unlikely to happen in isolation.

The estimated impact of the assumption variations make no allowance for changes in the values of invested assets that would arise if market conditions were to change in order to give rise to the assumption variation. If allowance were made, the estimated impact would likely be lower as the values of invested assets would normally change in the same directions as the liability values.

13 Pension and other schemes (continued)

Amounts recognised in the profit and loss statement

	29 December 2019 £ 000	30 December 2018 £ 000
Amounts recognised in operating profit		
Past service cost	-	800
Administrative expenses paid	1,200	1,054
Recognised in arriving at operating profit	1,200	1,854
Amounts recognised in finance income or costs		
Net interest	(300)	310
Total recognised in the profit and loss statement	900	2,164

Amounts taken to the statement of comprehensive income

	29 December 2019 £ 000	30 December 2018 £ 000
Actuarial (losses)/gains arising from changes in financial assumptions	(33,800)	20,200
Actuarial gains arising from experience adjustments	6,400	9,300
Returns on scheme assets greater/(less) than discount rate	46,000	(22,600)
Amounts recognised in the Statement of Comprehensive Income	18,600	6,900

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	29 December 2019 £ 000	30 December 2018 £ 000
Present value of scheme liabilities	(456,066)	(441,666)
Fair value of scheme assets	484,900	451,900
Defined benefit pension scheme surplus	28,834	10,234

	29 December 2019 £ 000	30 December 2018 £ 000
Defined benefit pension scheme surplus	28,834	10,234
Deferred tax included in balance sheet	(3,046)	932
Net defined benefit scheme surplus after deferred tax	25,788	11,166

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

13 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	29 December 2019 £ 000	30 December 2018 £ 000
Present value at start of period	441,666	494,599
Past service cost	-	800
Actuarial gains and losses arising from changes in demographic assumptions	(13,200)	(7,900)
Actuarial gains and losses arising from changes in financial assumptions	47,000	(12,300)
Actuarial gains and losses arising from experience adjustments	(6,400)	(9,300)
Interest cost	11,700	12,410
Benefits paid	(24,700)	(27,343)
Liabilities extinguished on settlements	-	(9,300)
Present value at end of period	456,066	441,666

Scheme assets

Changes in the fair value of scheme assets are as follows:

	29 December 2019 £ 000	30 December 2018 £ 000
Fair value at start of period	451,900	465,148
Interest income	12,000	12,100
Actual return on assets greater/(less) than discount rate	46,000	(22,600)
Employer contributions	900	34,949
Benefits paid	(24,700)	(27,343)
Assets distributed on settlements	-	(9,300)
Administrative expenses paid	(1,200)	(1,054)
Fair value at end of period	484,900	451,900

Analysis of assets

Fair value of scheme assets:

	29 December 2019 £ 000	30 December 2018 £ 000
UK equities	1,339	1,357
US equities	584	786
Other overseas equities	1,440	104,308
Corporate bonds	545	19,123
Property	1,694	14,837
Fixed interest gilts	71,737	2,999
Index linked gilts	62,044	15,989
Liability driven investment	309,848	162,369
Cash and other	35,669	130,132
	484,900	451,900

13 Pension and other schemes (continued)

A majority of the scheme assets have quoted prices in active markets. Scheme assets include neither direct investments in the Reach plc ordinary shares nor any property assets occupied nor other assets used by the Reach Plc Group.

14 Equity capital and reserves

Allotted, called up and fully paid shares

	29 December 2019		30 December 2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.25 each	81,586	20,396	81,586	20,396
Irredeemable A deferred shares of £0.01 each	466,168	4,662	466,168	4,662
	547,754	25,058	547,754	25,058

The company has one class of ordinary shares and one class of deferred shares which carry no right to fixed income.

The share premium account represents the premium on issued ordinary shares.

The profit and loss account reserve represents cumulative profit and losses net of dividends paid and other adjustments.

15 Operating lease commitments

Operating lease commitments relates to property.

The company has total commitments under non-cancellable operating leases as follows:

	29 December 2019 £ 000	30 December 2018 £ 000
Within one year	1,023	1,526
In two to five years	2,080	5,171
In over five years	-	5,280
	3,103	11,977

16 Contingent liabilities

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans and bank overdraft of the group with certain of the group's bankers. At 29 December 2019, this amounted to nil (2018: £60.0 million).

17 Ultimate parent company and immediate parent undertaking

The company's immediate parent is Reach Network Media Limited.

The ultimate parent is Reach plc. The group financial statements are available upon request from its registered office at One Canada Square, Canary Wharf, London E14 5AP.

Notes to the Financial Statements for the 52 weeks ended 29 December 2019 (continued)

17 Ultimate parent company and immediate parent undertaking (continued)

Relationship between entity and parents
The parent of the largest and smallest group in which these financial statements are consolidated is Reach plc, incorporated in England and Wales.

18 Non adjusting events after the financial period

As a result of the mitigation action disclosed in the Strategic Report in relation to COVID-19 the company has reduced the 2020 headcount of the Company which will result in an estimated redundancy charge of £0.8 million in 2020.

The company is currently assessing the financial impact of the judgement passed down on 20 November 2020 relating to GMP equalisation in the DB schemes.

Express Newspapers
(Registration number: 141748)

Appendix

In compliance with Section 409 of the Companies Act 2006, the following comprises a list of all related subsidiary undertakings of the company, as at 29 December 2019.

With the exception of the entity noted below, the following subsidiaries undertakings are 100% owned (all share classes) and incorporated in England and Wales, with a registered office at One Canada Square, Canary Wharf, London E14 5AP.

Scottish Express Newspapers Limited is 100% owned (all share classes) and incorporated in the United Kingdom, with a registered office at One Central Quay, Glasgow, Scotland G3 8DA.

Company
Direct
Beaverbrook Newspapers Limited
Blackfriars Leasing Limited
Daily Express Limited.
Daily Star Limited
Express Newspapers Pension Trustees Limited
Express Newspapers Properties Limited
Express Property Management Limited
Scottish Express Newspapers Limited
Sunday Express Limited
United Magazines Publishing Services Limited
West Ferry Leasing Limited
Reach Printing Services (West Ferry) Limited

Indirect
West Ferry Printers Pension Scheme Trustees Limited