Express Newspapers

Registration number 141748

Annual Report and Financial Statements

52 weeks ended 30 December 2018

Express Newspapers
(Registration number 141748)

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Officers and registered office

Directors

Simon Fox

Vijay Vaghela

Simon Fuller (appointed 1 March 2019)

Reach Directors Limited

Company Secretary

Reach Secretaries Limited

Registered Office

One Canada Square

Canary Wharf

London

E14 5AP

Express Newspapers
(Registration number 141748)

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 December 2018. On 28 February 2018, the company became part of the Reach plc group.

Results and dividends

The results for the period are set out on page 8. The loss for the period of £77,994,000 (2017: £20,896,000 profit) has been transferred from (2017: to) reserves. During the period a dividend of £10,000,000 was paid to the immediate parent undertaking (2017: nil). No dividends have been proposed or paid since the period end.

Financial position and future prospects

The financial position of the company is set out on page 10. The directors are satisfied as to the future prospects of the company.

The net assets of the company decreased by £81,959,000 (2017: increased by £11,198,000) due to the loss for the period net of actuarial gains taken directly to equity and dividends of £10,000,000.

The financial risk management objectives are set out in the Strategic report (page 4).

Directors

The present membership of the Board is set out on page 1. The directors who served during the period were:

Simon Fox (appointed 28 February 2018)
Vijay Vaghela (appointed 28 February 2018)
Reach Directors Limited (appointed 28 February 2018)
Richard Desmond (resigned 28 February 2018)
Robert Sanderson (resigned 28 February 2018)
Paul Ashford (resigned 28 February 2018)
Martin Ellice (resigned 28 February 2018)
Richard Martin (resigned 28 February 2018)
Digby Rancombe (resigned 28 February 2018)

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.

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.

Directors' responsibilities statement

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 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities statement (continued)

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.

Disclosure of information to the auditor

The directors at the date of this report confirm that:

- as far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all steps he should have taken as a director to make himself 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.

Deloitte LLP were appointed as auditor during the period following the company becoming part of the Reach plc group.

Approved and signed on behalf of the Board of Directors

Reach Secretaries Limited

27 June 2019

Express Newspapers
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Strategic report

Principal activity

The principal activity of the company is that of publishing of newspapers 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 and websites.

Business review

Revenue fell by 0.4% from £165.3 million to £164.7 million with print revenue falling by 2.3% and digital revenue growing by 15.0%. The challenges in print advertising markets resulted in a decline in display advertising across a number of sectors. Circulation revenues increased by 0.4% with volume declines mitigated by cover price increases. Strong growth in digital display and transactional revenue of 15.0% was driven by the growth in audience.

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

	2018 Volume actual[a] 000	2017 Volume actual[a] 000	Change %
Daily Express	341	380	(10.3%)
Sunday Express	297	329	(9.7%)
Daily Star	366	423	(13.5%)
Daily Star Sunday	223	251	(11.1%)

a Average ABC circulation excluding sampling for the 12 months to December 2018 and December 2017.

Unique users and page views for our key websites are set out below:

	2018 Unique users[b]	2017 Unique users[b]	Change %	2018 Page views[b]	2017 Page views[b]	Change %
Daily Express	94,406,333	66,245,593	42.5	3,000,898,457	2,145,216,728	39.9
Daily Star	32,168,188	24,395,798	31.9	1,141,433,160	1,011,807,369	12.8

b Google Analytics average monthly January to December 2018 verses January to December 2017. Page views excluding galleries.

The company made a loss in the period as a result of transactions entered into prior to the acquisition by Reach plc group of the company and its fellow subsidiaries and due to restructuring charges incurred following the acquisition.

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

The directors carried out an annual impairment review of investments which has resulted in an impairment charge of £39,268,000 (2017: £nil).

Principal risks and uncertainties

The principal risks and uncertainties outlined in the 2018 Reach plc Annual Report for strategy, pensions and Brexit are applicable to Express Newspapers. Specifically 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 other revenue streams including 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 as well as growing digital revenue streams.

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.

Strategic report (continued)

Financial risk management policies and objectives

The company's operations expose it to a variety of 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.

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 company has considered the implications of the challenging economic environment and the reliance on the Reach plc group.

At the date of signing of these financial statements the directors have considered all the factors impacting the company's business, including downside sensitivities. 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.

Approved and signed on behalf of the Board of Directors

Reach Directors Limited

27 June 2019

Independent auditor's report to the members of Express Newspapers
(Registration number 141748)

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Express Newspapers (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the 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 respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

Independent auditor's report to the members of Express Newspapers
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Responsibilities of directors (continued)
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.

Auditor's 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the 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 strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

M. R. Lee-Amies.

Mark Lee-Amies FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 June 2019

Express Newspapers
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Profit and loss account
for the 52 weeks ended 30 December 2018

	Notes	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Turnover	2	164,676	165,330
Cost of sales		(65,422)	(68,896)
Gross profit		99,254	96,434
Distribution costs		(7,709)	(8,481)
Administrative expenses		(166,118)	(80,785)
(Loss)/profit on disposal of fixed asset investments	3	(4,500)	1,943
Operating (loss)/profit	4	(79,073)	9,111
Pension finance	17	(310)	(527)
Interest receivable and similar income	6	-	15,178
Interest payable and similar expenses	7	-	(1,971)
(Loss)/profit before taxation		(79,383)	21,791
Taxation	8	1,389	(895)
(Loss)/profit for the period		(77,994)	20,896

All turnover and results arose from continuing operations.

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Statement of comprehensive income for the 52 weeks ended 30 December 2018

	Note	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
(Loss)/profit for the period		(77,994)	20,896
Item that will not be reclassified to profit and loss:			
Actuarial gains/(losses) arising in pension schemes taken to equity	17	6,900	(11,684)
Tax on actuarial gains/(losses) on defined benefit pension schemes	8	(865)	1,986
Other comprehensive income/(costs) for the period		6,035	(9,698)
Total comprehensive (costs)/income for the period		(71,959)	11,198

Statement of changes in equity for the 52 weeks ended 30 December 2018

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	25,058	250,023	92,764	367,845
Profit for the period	-	-	20,896	20,896
Other recognised losses for the period	-	-	(9,698)	(9,698)
Total comprehensive income for the period	-	-	11,198	11,198
At 1 January 2018	25,058	250,023	103,962	379,043
Loss for the period	-	-	(77,994)	(77,994)
Other recognised income for the period	-	-	6,035	6,035
Total comprehensive costs for the period	-	-	(71,959)	(71,959)
Dividends paid (note 9)	-	-	(10,000)	(10,000)
At 30 December 2018	25,058	250,023	22,003	297,084

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Balance sheet
at 30 December 2018

	Notes	30 December 2018 £'000	31 December 2017 £'000
Fixed assets			
Tangible fixed assets	10	268	11,232
Investments in subsidiary undertakings	11	-	39,268
Investments in joint ventures	12	-	9,000
		268	59,500
Current assets			
Stocks	13	156	948
Debtors: due within one year	14	301,541	458,995
Cash at bank and in hand		8,378	7,205
		310,075	467,148
Creditors: amounts falling due within one year	15	(18,892)	(114,903)
Net current assets		291,183	352,245
Total assets less current liabilities		291,451	411,745
Provisions for liabilities	16	(4,601)	(3,251)
Net assets excluding pension schemes' surplus/(deficit)		286,850	408,494
Pension schemes' surplus/(deficit)	17	10,234	(29,451)
Net assets including pension schemes' surplus/(deficit)		297,084	379,043
Equity capital and reserves			
Called up share capital	18	25,058	25,058
Share premium account		250,023	250,023
Profit and loss account		22,003	103,962
Total shareholders' funds		297,084	379,043

These financial statements were approved and authorised for issue by the Board of Directors on 27 June 2019.

Signed on behalf of the Board of Directors

Reach Directors Limited

Notes the financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant accounting policies

Basis of preparation

The financial statements of Express Newspapers, an unlimited private company, 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 company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100). In the 52 weeks ended 30 December 2018 the company has changed its accounting framework from Financial Reporting Standard 102 to Financial Reporting Standard 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. The transition did not have a material effect on the financial statements. 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.

The financial statements have been prepared on a going concern basis as set out on page 5. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 4. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, 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 21 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 business combinations, 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 and related party transactions. 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 21.

At the period end, the company entered into a group wide netting agreement which resulted in all intercompany balances as at 30 December 2018 being with Reach Shared Services Limited, a fellow subsidiary company.

Revenue

In the current year, the company has applied IFRS 15 'Revenue from Contracts with Customers' (as amended in April 2016). IFRS 15 establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for performance obligations only when they are satisfied and the control of goods or services is transferred. In doing so the standard applies a five step approach to the timing of revenue recognition and it applies to all contracts with customers, except those in the scope of other standards.

The Company has adopted IFRS 15 using the "modified" approach. IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what have more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position.

The Company's accounting policies for its revenue streams are disclosed in detail below. Apart from providing additional disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a material impact on the financial position and/or financial performance of the Company.

The major sources of revenue for the company are circulation and advertising (print and digital) and printing. Additional, but not material, revenue streams are other income. Under the five step model of IFRS 15, 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.

Notes the financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant account policies (continued)

Revenue (continued)

Circulation revenue

The Company sells newspapers and magazines through wholesalers and distributors. Revenue is recognised when the performance obligation has been fulfilled being when the goods have been purchased by a reader. A receivable is recognised by the Company when the wholesaler and distributor 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.

Advertising revenue

Typically, within 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 reflecting the pattern in which the performance obligation is fulfilled.

Foreign currency

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 income statement for the period.

Tax

Corporation tax 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 company's 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 directly to equity in which case the deferred tax is also dealt with in equity. 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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is provided on a straight line basis in order to write off the tangible fixed assets over their expected useful lives. Provision is made if appropriate for any impairment in value. The useful lives on which depreciation rates are based is:

Leasehold land and buildings	15 to 50 years
Plant and machinery	5 to 20 years
Fixtures and fittings	3 to 10 years

Notes the financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant account policies (continued)

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for any impairment. An impairment review is undertaken at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows of the cash-generating units relating to the investment are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of the cash-generating units relating to the investment is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it occurs and may be reversed in subsequent periods.

Investments in joint ventures

A joint venture is an entity in which the company has a long term interest and shares control under a contractual agreement.

Financial instruments

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Stocks

Stocks are stated at the lower of cost and net realisable value and net of any provision for obsolescence.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

Trade payables

Trade payables are not interest bearing. Payments occur over a short period and are subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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. Provisions are made for legal and other costs in respect of historical litigation and other matters in progress and for estimated damages where it is judged probable that damages will be payable.

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. 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.

Notes the financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant account policies (continued)

Pensions

The company is the sponsoring company for two defined pension schemes, the Express Newspapers 1988 Pension Fund and the Express Newspapers Senior Management Pension Fund, both of which are closed to new entrants and to future accrual.

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.

The defined benefit obligation is calculated separately for each plan 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.

The company contributes to a defined contribution pension scheme. 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.

The company has applied the exemption available under FRS 101 in relation to 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 and is not yet effective).

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:

Impairment of investments in subsidiaries (note 11)

There is uncertainty in the value in use calculation. The most significant area of uncertainty relates to expected future cash flows for each cash-generating unit. Determining whether investments are impaired requires an estimation of the value in use of the cash-generating unit to which these have been allocated. It also requires assessment of the appropriateness of the cash-generating unit at each reporting date. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Projections are based on both internal and external market information and reflect past experience. The discount rate reflects a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 2.5 times.

Retirement benefits (note 17)

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. 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. Advice is sourced from independent and qualified actuaries in selecting suitable assumptions at each reporting date.

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, described above, management has used the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Assumptions used in the impairment review for investments in subsidiaries (note 11)

For each cash generating unit, value in use is calculated during the group's impairment review. There is judgement required in the allocation of such value in use to the individual entities. At each reporting date management review the appropriateness of the allocation and performs impairment review for investments in subsidiaries.

Notes the financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant account policies (continued)

Amendments to IFRSs and new Interpretations that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

In the current year, the company has applied IFRS 9 'Financial Instruments'. IFRS 9 requires entities to recognise expected credit losses for all financial assets held at amortised cost, including qualifying intercompany loans (including intercompany receivables) from the perspective of the lender (intercompany counterparty). Under IFRS 9, lenders of intercompany loans are required to consider forward-looking information to calculate expected credit losses, regardless of whether there has been an impairment trigger. The adoption of the amendments has not resulted in any material impairment of the intercompany loans given by the company, thereby having no material impact on the financial statements.

2. Turnover

An analysis of the company's turnover is as follows:

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Circulation	99,412	98,988
Advertising	39,041	39,666
Other	5,579	8,719
Print	144,032	147,373
Digital display and transactional	20,644	17,957
Total revenue	164,676	165,330

The company's operations are located primarily in the United Kingdom. The company's revenue by location of customers is set out below:

	£'000	£'000
UK and Republic of Ireland	164,676	165,330

3. Disposal of fixed asset investments

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
(Loss)/profit on disposal of fixed asset investments	(4,500)	1,943

On 6 February 2018, the company disposed of its 50% interest in Independent Star Limited for £4.5 million resulting in a loss of £4.5 million.

On 25 May 2017, the company transferred 1 ordinary share of £1.00 each, comprising the entire issued share capital of LTS Rentals Limited and 1 ordinary share of £1.00 each, comprising the entire issued share capital of LTS Contractors Limited, to Northern & Shell Plc (formerly Northern & Shell Limited), the company's ultimate parent undertaking on that date, at fair value for a consideration of £1.8 million and £0.1 million respectively. The profit on disposal of fixed asset investments was £1.8 million and £0.1 million respectively.

Notes the financial statements for the 52 weeks ended 30 December 2018

4. Result for the period

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Impairment in investments	39,268	-
Depreciation of owned tangible fixed assets	840	2,509
Loss on disposal of tangible fixed assets	9,352	-
Restructuring changes in respect of cost reduction measures	7,421	103
Reverse premium on lessee commitments	44,748	-
Exchange losses/(gains)	24	(799)
Operating lease rentals for land and buildings	2,762	7,058

The auditor's remuneration of £103,000 (2017: £103,000) for the audit of the statutory financial statements of the company has been borne and not recharged by another group company.

5. Information regarding directors and employees

Staff costs charged to the company are as follows:

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Wages and salaries	34,232	35,535
Social security costs	3,915	3,850
Pension costs	1,220	1,030
	39,367	40,415

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

	52 weeks ended 30 December 2018 No.	52 weeks ended 31 December 2017 No.
Production and editorial	352	347
Sales and distribution	76	90
Administration	67	64
	495	501

Directors' emoluments

The directors received no remuneration in respect of services to the company (2017: £520,000 was recharged as part of the management fee from a fellow group undertaking).

Notes the financial statements for the 52 weeks ended 30 December 2018

5. Information regarding directors and employees (continued)

Pensions

The company contributes to two Group Personal Pension Plans which are defined contribution schemes. Contributions for the period were £1,220,000 (2017: £1,030,000).

6. Interest receivable and similar income

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Interest receivable from group undertakings	-	14,675
Income from participating interests - joint ventures	-	503
	-	15,178

7. Interest payable and similar expenses

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Interest on bank overdrafts and loans	-	32
Interest payable to group undertakings	-	1,939
	-	1,971

Notes the financial statements for the 52 weeks ended 30 December 2018

8. Taxation

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
(Loss)/profit before taxation	(79,383)	21,791
Group relief receivable	-	(890)
Tax taken directly to statement of comprehensive income	(3,165)	890
Prior period adjustment	2,732	(6)
Current tax charge	(433)	(6)
Current period deferred tax (charge)/credit	(1,343)	8
Tax taken directly from statement of comprehensive income	3,165	(890)
Prior period adjustment	-	(7)
Deferred tax credit/(charge)	1,822	(889)
Tax credit/(charge) in the period	1,389	(895)

The standard rate of corporation tax for the period is 19% (2017: blended rate of 19.25% being a mix of 20% up to 31 March 2017 and 19% from 1 April 2017).

The tax on actuarial gains/(losses) on defined benefit pension schemes taken to the statement of comprehensive income is a charge of £865,000 comprising a deferred tax charge of £4,030,000 and a current tax credit of £3,165,000 (2017: credit of £1,986,000 comprising a deferred tax credit of £2,876,000 and a current tax charge of £890,000).

Reconciliation of tax charge

	52 weeks ended 30 December 2018 %	52 weeks ended 31 December 2017 %
UK standard rate of corporation tax	19.0	(19.3)
Permanent – non-deductable	(20.7)	(0.5)
Permanent – non taxable	-	0.5
Group relief not paid for	-	15.3
Prior year adjustment	3.4	(0.1)
Tax charge rate	1.7	(4.1)

Notes the financial statements for the 52 weeks ended 30 December 2018

9. Dividends paid

	52 weeks ended 30 December 2018 per share	52 weeks ended 31 December 2017 per share	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Dividends paid to immediate parent undertaking	12.3p	-	10,000	-

10. Tangible fixed assets

	Leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At beginning of the period	26,089	7,488	12,233	45,810
Additions	-	-	77	77
Disposals	(26,089)	(7,488)	(11,624)	(45,201)
At end of the period	-	-	686	686
Accumulated depreciation				
At beginning of the period	16,307	7,102	11,169	34,578
Disposals	(16,411)	(7,117)	(11,472)	(35,000)
Charge for the period	104	15	721	840
At end of the period	-	-	418	418
Net book value				
At end of the period	-	-	268	268
At beginning of the period	9,782	386	1,064	11,232

Disposals 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 (note 19).

Notes the financial statements for the 52 weeks ended 30 December 2018

11. Investments in subsidiary undertakings

	Investments in subsidiary undertakings £'000
Cost	
At 1 January 2017, 31 December 2017 and 30 December 2018	47,011
Provision for impairment	
At 1 January 2017 and 31 December 2017	(7,743)
Impairment	(39,268)
At 30 December 2018	(47,011)
Net book value	
At beginning of the period	39,268
At end of the period	-

An impairment review at the reporting date of the company's investments was undertaken which indicated that £39,142,931 impairment charge was required in respect of Reach Printing Services (West Ferry) Limited, £1 impairment charge was required in respect of West Ferry Leasing Limited, £100 impairment charge was required in respect of Blackfriars Leasing Limited, £100,000 impairment charge was required in respect of Express Newspapers Properties Limited, £1,100 impairment charge was required in respect of Daily Express Limited, £2,752 impairment charge was required in respect of Sunday Express Limited, £20,000 impairment charge was required in respect of Scottish Express Newspapers Limited and £2 impairment charge was required in respect of Express Property Management Limited.

The investment impairment review compared carrying value to the expected future discounted cash flows using a pre-tax discount rate of 13.4%. The growth rates for the next three years were internal projections based on both internal and external market information and reflected past experience of and the risk associated with each asset including the maturity of the printing market. The growth rate for the cash flow projections beyond the next three years was -2.0%.

A full list of subsidiaries at the reporting date is appended on page 29 and forms part of these financial statements.

12. Investments in joint ventures

	Investments in joint ventures £'000
Cost	
At beginning of the period	9,000
Disposals	(9,000)
At the end of the period	-
Net book value	
At beginning of the period	9,000
At end of the period	-

On 6 February 2018, the company disposed of its 50% interest in the ordinary shares of Independent Star Limited (incorporated in the Republic of Ireland with a registered office at Level 1, Independent House, 27-32 Talbot Street, Dublin) for £4.5 million.

Notes the financial statements for the 52 weeks ended 30 December 2018

13. Stocks

	30 December 2018 £'000	31 December 2017 £'000
Raw materials and consumables	156	948

14. Debtors

	30 December 2018 £'000	31 December 2017 £'000
Amounts owed by fellow subsidiaries	277,760	436,930
Deferred tax asset	5,641	7,849
Trade receivables	13,597	8,214
Other debtors	75	167
Prepayments and accrued income	4,468	5,835
	301,541	458,995

In the current period intercompany balances are non-interest bearing balances repayable on demand. In the prior period intercompany balances with trading entities carried interest at 2% above base rate and intercompany balances with non trading entities were non interest bearing.

Deferred tax asset

	30 December 2018 £'000	31 December 2017 £'000
The deferred tax asset included in the financial statements comprises:		
Other timing differences	960	282
Accelerated capital allowances	875	(387)
Tax losses	2,874	2,947
Pension scheme deficit	932	5,007
	5,641	7,849

	30 December 2018 £'000	31 December 2017 £'000
The movement in the deferred tax asset was as follows:		
At beginning of the period	7,849	6,752
Current period deferred tax profit and loss charge	(1,343)	(889)
Deferred tax actuarial gains/(losses)	(865)	1,986
At end of the period	5,641	7,849

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax is enacted or substantively enacted by parliament.

The company has tax losses at the reporting date of £16.9 million (2017: £17.3 million) to carry forward against future profits and expects to be able to benefit from tax losses carried forward in future years.

Notes the financial statements for the 52 weeks ended 30 December 2018

15. Creditors: amounts falling due within one year

	30 December 2018 £'000	31 December 2017 £'000
Amounts owed to group undertakings	-	82,646
Amounts owed to group undertakings with respect to group relief	-	10,613
Trade creditors	1,268	7,724
Corporation tax payable	-	2,732
Other taxation and social security	2,931	1,267
Other creditors	331	1,041
Accruals and deferred income	14,362	8,880
	18,892	114,903

16. Provisions for liabilities

	Restructuring £'000	Property £,000	Libel £'000	Total £'000
At beginning of the period	-	3,251	-	3,251
Reclassified in the period	-	-	340	340
Released in the period	-	(3,251)	-	(3,251)
Charged in the period	7,421	2,329	295	10,045
Utilised in the period	(5,584)	-	(200)	(5,784)
At end of the period	1,837	2,329	435	4,601

The restructuring provision relates to costs incurred in the delivery of cost reduction measures. This provision is expected to be utilised during the next period.

The property provision related to onerous property leases and future committed costs at the main business premises, 10 Lower Thames Street. On 31 January 2018, the lease was transferred and the provision was no longer required. The closing property provision relates to future costs relating to onerous leases and occupied properties. The provision is expected to be utilised over the remaining period of the leases.

The libel provision relates to legal costs in respect of libel litigation in progress and for estimated damages where it is judged probable that damages will be payable. This provision is expected to be utilised during the next period.

17. Pensions

The company contributes to two Group Personal Pension Plans, which are defined contribution pension schemes for qualifying employees. The assets of the schemes where employees have a personal pension policy with Legal and General are held separately from those of the company in funds under the control of Legal and General. The current service cost charged to the profit and loss account of £1,220,000 (2017: £1,030,000) represents contributions payable to the schemes by the company at rates specified in the scheme rules. Contributions that were due have been paid over to the scheme at all reporting dates.

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.

Notes the financial statements for the 52 weeks ended 30 December 2018

17. Pensions (continued)

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 scheme, based on the reporting data assumptions. The liabilities related 70% to current pensioners and their spouses or dependants and 30% 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 2018, excluding lump sums and transfer value payments, were £19 million and these are projected to reduce in the future.

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 period. The valuations showed a deficit of £77.9 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 followed by deficit funding contributions of £2 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.

Payments in the year were £34.9 million (2017: £13.7 million).

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.

Notes the financial statements for the 52 weeks ended 30 December 2018

17. Pensions (continued)

Funding arrangements (continued)
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.

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 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 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 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 scheme. 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. There were no plan amendments, settlements or curtailments in the period which resulted in a pension cost.

Notes the financial statements for the 52 weeks ended 30 December 2018

17. Pensions (continued)

Results

Based on actuarial advice, the financial assumptions used in calculating the scheme's liabilities under IAS 19 are:

	30 December 2018 %	31 December 2017 %
Discount rate	2.75	2.60
Retail price inflation rate	3.20	3.20
Consumer price inflation rate	2.00	2.10
Rate of pension increases in deferment	3.20	3.20
Rate of pension increases in payment	2.20	3.20
Mortality assumptions – future life expectations from age 65 (years)		
Male currently aged 65	21.7	21.7
Female currently aged 65	23.6	23.8
Male currently aged 55	22.4	22.4
Female currently aged 55	24.4	24.6

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:

	Effect on liabilities £m	Effect on deficit £m
Discount rate +/- 05% pa	-30/+30	-30/+30
Retail price inflation rate +/- 0.5% pa	+6/-6	+6/-6
Consumer price inflation rate +/- 0.5% pa	+2/-2	+2/-2
Life expectancy at age 65 +/- 1 year	+26/-26	+26/-26

The amount included in the profit and loss, statement of comprehensive income and balance sheet arising from the company's obligations in respect of the scheme is as follows:

Profit and loss statement	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Pension scheme administrative expenses	1,054	2,076
Pension scheme finance charge	310	527
Pension past service cost	800	-
Settlements	-	5,893
Total profit and loss account expense	2,164	8,496

Notes the financial statements for the 52 weeks ended 30 December 2018

17. Pensions (continued)

Results (continued)

Statement of comprehensive income	**52 weeks ended 30 December 2018 £'000**	**52 weeks ended 31 December 2017 £'000**
Actuarial gain due to liability experience	9,300	-
Actuarial gain/(loss) due to liability assumption changes	20,200	(4,674)
Total liability actuarial gain/(loss)	29,500	(4,674)
Returns on scheme assets less than discount rate	(22,600)	(7,010)
Total gain/(loss) recognised in statement of comprehensive income	6,900	(11,684)

Balance sheet	**30 December 2018 £'000**	**31December 2017 £'000**
Present value of uninsured scheme liabilities	(441,666)	(494,599)
Value of scheme assets	451,900	465,148
Net scheme surplus/(deficit)	10,234	(29,451)
Net scheme surplus/(deficit) included in balance sheet	10,234	(29,451)
Deferred tax included in balance sheet	932	5,007
Net scheme surplus/(deficit) after deferred tax	11,166	(24,444)

Movement in net scheme deficit	**52 weeks ended 30 December 2018 £'000**	**52 weeks ended 31 December 2017 £'000**
Opening net scheme deficit	(29,451)	(23,005)
Contributions	34,949	13,734
Profit and loss statement	(2,164)	(8,496)
Statement of comprehensive income	6,900	(11,684)
Closing net scheme surplus/(deficit)	10,234	(29,451)

Notes the financial statements for the 52 weeks ended 30 December 2018

17. Pensions (continued)

Results (continued)

Changes in the present value of scheme liabilities	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Opening present value of scheme liabilities	(494,599)	(538,766)
Past service cost	(800)	-
Interest cost	(12,410)	(14,459)
Actuarial gain – experience	9,300	-
Actuarial gain/(loss) – change to demographic assumptions	7,900	(10,300)
Actuarial gain – change to financial assumptions	12,300	5,626
Benefits paid	27,343	26,320
Settlements	9,300	36,980
Closing present value of scheme liabilities	(441,666)	(494,599)

Changes in the fair value of scheme assets	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Opening fair value of scheme assets	465,148	515,761
Interest income	12,100	13,932
Actual returns of assets less than discount rate	(22,600)	(7,010)
Contributions by employer	34,949	13,734
Benefits paid	(27,343)	(26,320)
Administrative expenses	(1,054)	(2,076)
Settlements	(9,300)	(42,873)
Closing fair value of scheme assets	451,900	465,148

Categories of scheme assets	30 December 2018 £'000	31 December 2017 £'000
Equity instruments	106,451	132,813
Gilts	18,988	32,763
Corporate bonds	19,123	26,140
Cash and other	307,338	273,432
Fair value of the schemes assets	451,900	465,148

Notes the financial statements for the 52 weeks ended 30 December 2018

18. Capital and reserves

	30 December 2018 £'000	31 December 2017 £'000
Authorised, allotted, called up and fully paid		
81,585,724 (2017: 81,858,724) ordinary shares of 25p each	20,396	20,396
466,168,200 (2017:466,168,200) irredeemable A deferred shares of 1p each	4,662	4,662
	25,058	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.

19. Operating lease commitments

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

	Land and buildings	
	30 December 2018 £'000	31 December 2017 £'000
Within one year	1,526	7,051
Within two to five years	5,171	31,951
In over five years	5,280	105,356
	11,977	144,358

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.

20. 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 30 December 2018, this amounted to £60.0 million (2017: £25.0 million).

21. Ultimate parent company and immediate parent undertaking

In the opinion of the directors, the company's ultimate parent company and controlling entity at 30 December 2018 was Reach plc, a company incorporated and registered in England and Wales. Reach plc is the parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London E14 5AP.

The company's immediate parent undertaking is TM Media Holdings Limited, a company registered in England and Wales whose registered office is at One Canada Square, Canary Wharf, London E14 5AP.

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 30 December 2018. With the exception of the entity noted below, the following subsidiaries undertakings are 100% owned (all share classes) and incorporated in the United Kingdom, 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
International Distribution 2018 Limited

Indirect
West Ferry Printers Pension Scheme Trustees Limited