

Reach Magazines Publishing plc

Formerly TM Publishing 1 plc

Registration number 1633971

Annual Report and Financial Statements

52 weeks ended 30 December 2018



Reach Magazines Publishing plc
(Registration number 1633971)

Contents	Page
Officers and registered office	1
Directors' report	2
Strategic report	4
Independent auditor's report	6
Profit and loss account	8
Statement of changes in equity	8
Balance sheet	9
Notes to the financial statements	10

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

Reach Magazines Publishing plc

(Registration number 1633971)

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 and on 2 March 2018 changed its name from Northern & Shell Plc to TM Publishing 1 plc. On 7 September 2018, the company changed its name from TM Publishing 1 plc to Reach Magazines Publishing plc.

Results and dividends

The results for the period are set out on page 8. The profit for the period of £313,000 (2017: loss £10,913,000) has been transferred to (2017: from) reserves. No dividends have been proposed or paid in either period.

Financial position and future prospects

The financial position of the company is set out on page 9. The directors are satisfied as to the future prospects of the company.

The net assets of the company have increased by £313,000 (2017: decreased by £10,913,000) due to the profit for the period.

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)
Martin Ellice (resigned 28 February 2018)
Paul Ashford (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

Reach Magazines Publishing plc
(Registration number 1633971)

Directors' report (continued)

Directors' responsibilities statement (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Reach Magazines Publishing plc

(Registration number 1633971)

Strategic report

Principal activity

The principal activity of the company is the publishing of magazines and it is part of the Publishing division of Reach plc. Key brand relates to OK! magazine.

Business review

Revenue fell by 16.5% from £18.7 million to £15.6 million. The challenges in print advertising markets resulted in a decline in display advertising. Circulation revenues declined by 7.8% with volume declines partially mitigated by cover price increases. Due to challenging market conditions the company took the decision to close Star magazine at the end of October 2018.

The average monthly circulation volumes of the principal magazine was as follows:

	2018	2017	
	Volume actual ^a	Volume actual ^a	Change
	000	000	%
OK! magazine	152	168	(9.5%)

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

Faced with the ongoing revenue challenges, costs have been reduced through restructuring and cost reduction actions.

Restructuring charges in respect of cost reduction measures were £506,000 (2017: £170,000).

Operating profit increased by £7,567,000 reflecting the benefit of transactions entered into on the acquisition of the company and fellow subsidiaries by the Reach plc group.

In the short term the directors expect continued challenges in print while continuing to tightly manage costs to protect profits.

Principal risks and uncertainties

The principal risks and uncertainties outlined in the 2018 Reach plc Annual Report for strategy and Brexit are applicable to Reach Magazines Publishing plc. 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. The directors look to mitigate this risk by the continuing focus on reducing costs.

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.

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.

Reach Magazines Publishing plc
(Registration number 1633971)

Strategic report (continued)

Financial risk management policies and objectives (continued)

Foreign currency risk management

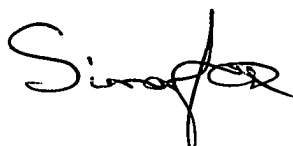
The entity, as part of the wider Reach plc group, undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts where appropriate.

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

A handwritten signature in black ink, appearing to read 'Singer', is written over the printed name 'Singer'.

Reach Directors Limited

27 June 2019

Independent auditor's report to the members of Reach Magazines Publishing plc (Registration number 1633971)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Reach Magazines Publishing plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its profit 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 changes in equity;
- the balance sheet; and
- the related notes 1 to 15.

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.

Independent auditor's report to the members of Reach Magazines Publishing plc (Registration number 1633971)

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

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

Reach Magazines Publishing plc
(Registration number 1633971)

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

		52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
	Notes		
Turnover	2	15,642	18,732
Cost of sales		(7,691)	(12,157)
Gross profit		7,951	6,575
Distribution costs		(4,985)	(4,194)
Administrative expenses		(2,738)	(10,140)
Other operating income		-	420
Operating profit/(loss)	3	228	(7,339)
Interest receivable and similar income	5	85	13,458
Interest payable and similar expenses	6	-	(15,339)
Profit/(loss) before taxation		313	(9,220)
Taxation	7	-	(1,693)
Profit/(loss) for the period		313	(10,913)

All turnover and results arose from continuing operations.

There are no recognised gains or losses other than the profit for the period. Accordingly a separate statement of comprehensive income has not been presented.

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

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	100	400	1,100	134,262	135,862
Loss for the period being total comprehensive income	-	-	-	(10,913)	(10,913)
At 1 January 2018	100	400	1,100	123,349	124,949
Profit for the period being total comprehensive income	-	-	-	313	313
At 30 December 2018	100	400	1,100	123,662	125,262

Reach Magazines Publishing plc
(Registration number 1633971)

Balance Sheet
at 30 December 2018

	Notes	30 December 2018 £'000	31 December 2017 £'000
Fixed assets			
Tangible fixed assets	8	-	11
Investments	9/10	-	-
		<hr/>	<hr/>
		-	11
Current assets			
Stocks	11	329	394
Debtors: due within one year	12	127,266	616,742
Cash at bank and in hand		194	2,002
		<hr/>	<hr/>
		127,789	619,138
Creditors: Amounts falling due within one year	13	(2,527)	(494,200)
		<hr/>	<hr/>
Net current assets		125,262	124,938
		<hr/>	<hr/>
Total assets less current liabilities		125,262	124,949
		<hr/>	<hr/>
Net assets		125,262	124,949
		<hr/>	<hr/>
Equity capital and reserves			
Called up share capital	14	100	100
Share premium account		400	400
Capital redemption reserve		1,100	1,100
Profit and loss account		123,662	123,349
		<hr/>	<hr/>
Total shareholders' funds		125,262	124,949
		<hr/>	<hr/>

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

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to 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 Reach Magazines Publishing plc, a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006, 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 pages 4 and 5. 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 15 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 15.

At the period end, the company entered into a group wide intercompany 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.

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

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

Revenue (continued)

Circulation revenue

The Company sells 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:

Fixtures and fittings	4 to 5 years
-----------------------	--------------

Notes to the Financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant accounting 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.

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.

Pensions

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.

Key sources of estimation uncertainty and critical judgements in applying accounting policies

There were no key sources of estimated uncertainty in determining the carry amounts of assets and liabilities at the balance sheet date. In applying the company's accounting policies, described above, no critical judgements were identified.

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

1. Basis of preparation and significant accounting 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	11,862	12,891
Advertising	3,780	5,841
Total revenue	15,642	18,732

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

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
UK and Republic of Ireland	15,642	18,732

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

3. Result for the period

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Operating profit/(loss) is stated after charging		
Depreciation of owned tangible fixed assets	1	38
Loss on disposal of tangible fixed assets	-	62
Restructuring changes in respect of cost reduction measures	506	170
Reverse premium on lessee commitments	-	3,300
Exchange (gains)/losses	(18)	632
Operating lease rentals for land and buildings	-	846
	<u> </u>	<u> </u>

The auditor's remuneration of £31,000 (2017: £31,000) for the audit of the statutory financial statements of the company has been borne and not recharged by another group company.

4. 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	2,185	2,695
Social security costs	194	508
Pension costs	54	84
	<u> </u>	<u> </u>
	<u>2,433</u>	<u>3,287</u>

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

	No.	No.
Editorial	29	34
Selling and distribution	5	9
Administration	5	39
	<u> </u>	<u> </u>
	<u>39</u>	<u>82</u>

Directors' emoluments

The directors received no remuneration in respect of services to the company (2017: £227,000 was recharged as part of the management fee from a fellow group undertaking).

Pensions

The company contributes to two Group Personal Pension Plans which are defined contribution schemes. Contributions for the period were £54,000 (2017: £84,000).

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

5. Interest receivable and similar income

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Interest on bank deposits	85	6
Interest receivable from group undertakings	-	13,452
	<u>85</u>	<u>13,458</u>

6. Interest payable and similar expenses

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Interest payable to group undertakings	-	15,339
	<u>-</u>	<u>15,339</u>

7. Taxation

	52 weeks ended 30 December 2018 £'000	52 weeks ended 31 December 2017 £'000
Profit/(loss) before taxation	313	(9,220)
Expected tax (debit)/credit	(59)	1,775
Tax effect of expenses that are not taxable in determining taxable profit	3	(693)
Utilisation of tax losses	56	-
Adjustments in respect of prior years	-	(6)
Effect of change in corporation tax rate	-	223
Deferred tax asset not recognised	-	(1,930)
Group relief not paid for	-	(1,062)
Deferred tax charge	<u>-</u>	<u>(1,693)</u>
Tax in the period	<u>-</u>	<u>(1,693)</u>

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 company has tax losses of £29.5 million (2017: £29.5 million) available to carry forward against future profits. Whilst the company expects to be able to benefit from tax losses carried forward, a deferred tax asset has not been recognised in respect of available losses (2017: nil) as future benefit is not certain.

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

8. Tangible fixed assets

	Fixtures and Fittings £'000
Cost	
At beginning of the period	204
Disposals	(204)
	<hr/>
At end of the period	-
	<hr/>
Accumulated depreciation	
At beginning of the period	193
Charge for the period	1
Disposals	(194)
	<hr/>
At end of the period	-
	<hr/>
Net book value	
At end of the period	-
	<hr/>
At beginning of the period	11
	<hr/>

9. Investments in subsidiary undertakings

	Investments in subsidiary undertakings £'000
Cost	
At beginning and end of the period	10,896
	<hr/>
Provision for impairment	
At beginning and end of the period	(10,896)
	<hr/>
Net book value	
At beginning and end of the period	-
	<hr/>

A full list of subsidiaries at the reporting date is appended on page 19 and forms part of these financial statements.

10. Investments in joint ventures

The company holds a 50% share in Iberian Ediciones Limited which is currently in voluntary liquidation. Iberian Ediciones Limited is incorporated in the United Kingdom with a registered office at 26-28 Bedford Row, London WC1R 4HE.

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

11. Stocks

	30 December 2018 £'000	31 December 2017 £'000
Raw materials and consumables	329	394

12. Debtors: amounts falling due within one year

	30 December 2018 £'000	31 December 2017 £'000
Trade receivables	267	646
Deferred tax asset	36	36
Amounts due from group undertakings	126,890	615,768
Other debtors	4	229
Prepayments and accrued income	69	63
	<u>127,266</u>	<u>616,742</u>

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
Accelerated capital allowances	36	36

	30 December 2018 £'000	31 December 2017 £'000
The movement in the deferred tax asset was as follows:		
At the beginning of the period	36	1,730
Current period deferred tax profit and loss charge	-	(1,694)
At the end of the period	<u>36</u>	<u>36</u>

Reach Magazines Publishing plc
(Registration number 1633971)

Notes to the Financial statements for the 52 weeks ended 30 December 2018

13. Creditors: amounts falling due within one year

	30 December 2018 £'000	31 December 2017 £'000
Amounts due to group undertakings	-	484,436
Amounts due to group undertakings with respect to group relief	-	4,237
Trade payables	459	1,294
Other taxation and social security	(100)	-
Other creditors	154	519
Accruals and deferred income	2,014	3,714
	<u>2,527</u>	<u>494,200</u>

14. Capital and reserves

	30 December 2018 £'000	31 December 2017 £'000
Authorised, allotted, called up and fully paid		
100,002 (2017: 100,002) ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

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

The capital redemption reserve represents the nominal value of shares purchased and cancelled.

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

15. 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 immediate parent undertaking is Reach Network Media Limited, a company incorporated and registered in England and Wales whose registered office is at One Canada Square, Canary Wharf, London E14 5AP.

Reach Magazines Publishing plc **(Registration number 1633971)**

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.

Trinity Mirror Marketing LLC is 100% owned (all share classes) and incorporated in the United States of America, with a registered office at 101 Avenue of Americas, Suite 934, New York 10013.

Company

Direct

Burginhall 677 Limited
Export Magazine Distributors Limited
Reach Magazines Distribution Limited.
Reach Magazines Limited
TM North America Limited
Trinity Mirror Videos Limited
OK Magazines Limited
Sightline Publications Limited
The Green Magazine Company Limited
TM Tower Management Services Limited
Tower Magazines Limited

Indirect

Trinity Mirror Marketing LLC
OK Magazines Trading Co Limited