

# Reach Network Media Limited

Registration number: 4086475

Annual Report and Financial Statements

52 weeks ended 27 December 2020



# **Reach Network Media Limited**

**(Registration number: 4086475)**

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**Reach Network Media Limited**  
**(Registration number: 4086475)**

**Officers and Registered Office**

<b>Directors</b>	Jim Mullen Simon Fuller Reach Directors Limited
<b>Company secretary</b>	Reach Secretaries Limited

<b>Registered office</b>	One Canada Square Canary Wharf London E14 5AP
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<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
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## **Strategic Report for the 52 weeks ended 27 December 2020**

The directors present their Strategic Report for the 52 weeks ended 27 December 2020.

### **Fair review of the business**

#### **Business review**

Reach Network Media Limited (the "company") made a loss of £47,087,000 in the period (2019: profit of £9,815,000). A dividend of £10,000,000 (2019: £10,000,000) was received from a subsidiary undertaking which was paid as a dividend to the company's immediate parent undertaking. The directors carried out an annual impairment review of investments which has resulted in an impairment charge of £57.1m (2019: nil).

During the period the company made a capital contribution to Reach Printing Services (Westferry) Limited through an intercompany transaction amounting to £57.1m. This investment has subsequently been impaired.

#### **Financial position and future prospects**

The financial position of the company is set out on page 11. The company has continued to perform in line with management's expectations since the year end. The Board is confident that the company will make further good progress through the rest of the year delivering its strategic objectives within the group.

The net assets of the company have decreased by £57,087,000 (2019: decreased by £185,000) to 135,065,000 (2019: £192,152,000) due to the loss (2019: profit) for the period less the dividends paid to the immediate parent undertaking.

The financial risk management objectives are set out in the Directors' Report (page 3).

#### **Section 172 statement**

From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the group board in relation both to the group and to this company. The board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the company, an explanation of how the group board has considered the matters set out in s172 (for the group and for the company) is set out on page 50 of the 2020 Reach plc Annual Report, which does not form part of this report.

Section 172 compliance outlined in the 2020 Reach plc Annual Report is applicable to the company. This gives an overview of how the company has engaged with key stakeholders during the year such as shareholders.

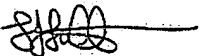
#### **Key performance indicators**

The company is a holding company and does not set or monitor key performance indicators.

#### **Principal risks and uncertainties**

The company holds investments in fellow group companies. The principal risk is the carrying value of the company's investments which the directors review at least annually. The carrying value of the company's investments is impacted by the group's future performance and strategy. The risk is of the Macro-economic deterioration which encompasses the impact of COVID-19 pandemic and the UK's departure from the EU, is that the structural challenges facing print media results in a faster than anticipated loss of print revenue, and the growth of digital revenue is not sufficient, over time, to offset these declines. The directors look to mitigate this risk by the continuing focus on reducing costs.

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....  
Reach Directors Limited  
Simon Fuller

## **Directors' Report for the 52 weeks ended 27 December 2020**

The directors present their report and the financial statements for the 52 weeks ended 27 December 2020.

### **Directors of the company**

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

Jim Mullen

Simon Fuller

Reach Directors Limited

### **Principal activity**

The principal activity of the company is that of a holding company and it is part of the Publishing division of Reach plc.

### **Results and dividends**

The results for the period are set out on page 9. The profit for the period of £(47,087,000) (2019: £9,815,176) has been transferred to (2019: to) reserves. During the period, a dividend of £10,000,000 was paid to the immediate parent undertaking (2019: £10,000,000). No dividends have been proposed or paid since the period end.

### **Financial risk management policies and objectives**

The company's operations expose it to financial risks that include credit and liquidity 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.

### **Financial position and future prospects**

The company's future developments are integrated with those of the Group, which are discussed in the 2020 Reach plc Annual Report, which does not form part of this report. Further details of the financial position and future prospects of the company is set out in the Strategic Report on page 2.

### **Going concern basis**

In determining whether the company's financial statements can be prepared on a going concern basis the directors have considered the factors likely to affect the future development, performance and financial position of the company. In particular, the directors have reviewed the assessment, particularly as a result of the COVID-19 outbreak.

The company has net current liabilities of £806,436,000 at 27 December 2020, which includes net amounts owed to other subsidiary undertakings of Reach plc of £806,508,000. The directors note that Reach plc Group has a strong balance sheet and liquidity with a net cash positive position of £42.0m at 27 December 2020. This represents a cash balance of £42.0m with no draw down on the group's revolving credit facility of £65.0m.

At the date of signing of these financial statements the directors have considered all the factors impacting the company's business, including downside sensitivities and the strong balance sheet of Reach plc. The company has in place a support letter from Reach plc, the group's holding company stating that Reach plc will not seek repayment of amounts owed by the company unless alternative financing is available and will advance further amounts as required by the company from 12 months from the date of signature of the company financial statements.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

**Directors' Report for the 52 weeks ended 27 December 2020 (continued)**

**Directors' liabilities**

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

**Qualifying indemnity provision**

During the period the existing and former directors of the company benefited from a qualifying third party indemnity provision, in accordance with section 234 of the Companies Act 2006. The provision was in force during the financial period and where the directors report was approved, and this remains in force at the date of this report. The indemnity is provided by Reach plc and covers, to the extent permitted by law, any third party liabilities which directors may incur as a result of their service on the board.

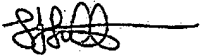
**Disclosure of information to the auditors**

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

**Independent auditors**

The auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....  
Reach Directors Limited  
Simon Fuller

## **Statement of Directors' Responsibilities in Respect of the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# Independent auditors' report to the members of Reach Network Media Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Reach Network Media Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 27 December 2020 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 27 December 2020; the Profit and Loss Account and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 27 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**Reach Network Media Limited**  
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Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management estimates including the release of provisions, the posting of inappropriate journals to increase revenue or reduce expenditure, misappropriation of cash, and unusual and infrequent users. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, including impairment of investments;
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

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

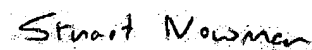
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Stuart Newman (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 September 2021

**Reach Network Media Limited**  
**(Registration number: 4086475)**

**Profit and Loss Account**  
**for the 52 weeks ended 27 December 2020 (52 weeks ended 29 December 2019)**

		<b>52 weeks ended 27 December 2020 £ 000</b>	<b>52 weeks ended 29 December 2019 £ 000</b>
Administrative expenses		<u>(57,087)</u>	<u>27</u>
Operating (loss)/profit	3	(57,087)	27
Income from shares in subsidiary undertakings		10,000	10,000
Interest payable and similar charges	5	<u>-</u>	<u>(742)</u>
(Loss)/profit on ordinary activities before tax		(47,087)	9,285
Tax on (loss)/profit on ordinary activities	6	<u>-</u>	<u>530</u>
(Loss)/profit for the period		<u><u>(47,087)</u></u>	<u><u>9,815</u></u>

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 27 December 2020 (52 weeks ended 29 December 2019)

	Called up share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 31 December 2018	110	42,884	100	149,243	192,337
Profit for the period	-	-	-	9,815	9,815
Total comprehensive income	-	-	-	9,815	9,815
Dividends	-	-	-	(10,000)	(10,000)
At 29 December 2019	110	42,884	100	149,058	192,152

	Called up share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 30 December 2019	110	42,884	100	149,058	192,152
Loss for the period	-	-	-	(47,087)	(47,087)
Total comprehensive income	-	-	-	(47,087)	(47,087)
Dividends	-	-	-	(10,000)	(10,000)
At 27 December 2020	110	42,884	100	91,971	135,065

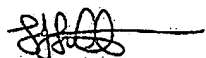
**Reach Network Media Limited**  
(Registration number: 4086475)

**Balance Sheet**

at 27 December 2020 (at 29 December 2019)

	Note	27 December 2020 £ 000	29 December 2019 £ 000
<b>Fixed assets</b>			
Investments	8	941,501	941,501
<b>Current assets</b>			
Deferred tax asset	6	72	88
<b>Creditors: Amounts falling due within one year</b>	9	<u>(806,508)</u>	<u>(749,437)</u>
<b>Net current liabilities</b>		<u>(806,436)</u>	<u>(749,349)</u>
<b>Net assets</b>		<u>135,065</u>	<u>192,152</u>
<b>Equity capital and reserves</b>			
Called up share capital	10	110	110
Share premium reserve	10	42,884	42,884
Other reserves	10	100	100
Profit and loss account	10	<u>91,971</u>	<u>149,058</u>
<b>Total shareholders' funds</b>		<u>135,065</u>	<u>192,152</u>

The financial statements on pages 9 to 18 were approved by the Board of Directors on 23 September 2021 and signed on its behalf by:



.....  
Simon Fuller  
Director

## **Notes to the Financial Statements for the 52 weeks ended 27 December 2020**

### **1 General information**

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

The address of its registered office is:

One Canada Square  
Canary Wharf  
London  
E14 5AP  
United Kingdom

### **2 Basis of preparation and significant accounting policies**

#### **Statement of compliance**

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

#### **Basis of preparation**

The financial statements of Reach Network Media Limited, a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain key accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

For administrative convenience, the financial statements are made up to a suitable date near the end of the calendar year. These financial statements have been prepared for the 52 weeks ended 27 December 2020 and the comparative period has been prepared for the 52 weeks ended 29 December 2019.

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

The nature of the company's operations and its principal activity are set out in the Directors' Report on page 3.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, by virtue of section 400 of the Companies Act 2006, because it is included in the group accounts of Reach plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 12 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, disclosure of remuneration paid to auditors for non-audit services, related party transactions, key assumptions in cash flow projections and qualitative and quantitative information related to changes in contract assets and contract liabilities. Where required, equivalent disclosures are given in the group accounts of Reach plc. The group accounts of Reach plc are available to the public and can be obtained as set out in note 12.

#### **Going concern**

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

#### **Adoption of new and revised standards**

There were no new amendments to IFRSs or new Interpretations effective for the current period for the company to adopt.

#### **Summary of significant accounting policies and key accounting estimates**

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

**Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)**

**2 Basis of preparation and significant accounting policies (continued)**

**Income from shares in investment undertakings**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**Current and deferred tax**

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

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

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

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

**Investments**

Fixed asset investments are stated at cost less provision for any impairment. 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. Use of a post-tax discount rate to discount the future post-tax cash flows is materially equivalent to using a pre-tax discount rate to discount the future pre-tax cash flows. The impairment conclusion remains the same on a pre or post tax basis. 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 profit and loss account in the period in which it occurs and may be reversed in subsequent periods.

**Financial instruments**

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

**Financial assets**

Financial assets are measured at amortised cost.

**Financial liabilities**

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

**Called up share capital**

Ordinary shares are classified as equity.

**Dividends**

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

**Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)**

**2 Basis of preparation and significant accounting policies (continued)**

**2.1 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:

*Investments impairment review*

There is uncertainty in the value-in-use calculation. The value-in-use calculation requires the company to estimate the future cash flows expected to arise from the investment 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 the weighted average cost of capital of the company.

**Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, described above, management has made 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*

Value in use is calculated for the Publishing activities of Reach plc. There is judgement required in the allocation of such value in use to the individual Publishing entities. At each reporting date management review the appropriateness of the allocation and performs impairment review for investments in subsidiaries.

**3 Operating (loss)/profit**

Arrived at after charging/(crediting)

	<b>52 weeks ended 27 December 2020 £ 000</b>	<b>52 weeks ended 29 December 2019 £ 000</b>
Impairment loss	<u>57,087</u>	<u>-</u>

During the period the company made a capital contribution to Reach Printing Services (Westferry) Limited through an intercompany transaction amounting to £57.1m. This investment has subsequently been impaired.

The auditor's remuneration of £4,000 (2019: £4,000) for the audit of the statutory financial statements of this company has been borne and not recharged by another group company.

**4 Information regarding directors and employees**

The company has no employees (2019: none).

**Directors' emoluments**

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



**Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)**

**5 Interest payable and similar charges**

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Interest on bank overdrafts and borrowings	-	742

During the prior period the acquisition term loan was fully repaid.

**6 Tax on profit on ordinary activities**

Tax credited in the profit and loss account

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
<b>Current taxation</b>		
UK corporation tax	(16)	(160)
UK corporation tax adjustment to prior periods	-	(282)
	<u>(16)</u>	<u>(442)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	16	19
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	(107)
	<u>16</u>	<u>(88)</u>
Total deferred taxation	-	(530)
Tax credit in the profit and loss account	<u>-</u>	<u>(530)</u>

The tax on profit on ordinary activities before tax for the period is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
(Loss)/profit before tax	<u>(47,087)</u>	<u>9,285</u>
Corporation tax at standard rate	(8,947)	1,764
UK corporation tax adjustment to prior periods	-	(282)
Decrease from effect of revenues exempt from taxation	(1,900)	(1,905)
Increase from effect of expenses not deductible in determining taxable profit	10,847	-
Deferred tax credit from unrecognised temporary difference from a prior period	<u>-</u>	<u>(107)</u>
Total tax credit	<u>-</u>	<u>(530)</u>

**Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)**

**6 Tax on profit on ordinary activities (continued)**

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). Deferred taxes at the balance sheet date have been measured using the enacted tax rates and are reflected in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been enacted or substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The current tax liabilities amounted to nil (2019: nil) at the reporting date.

**Deferred tax**

Deferred tax asset

Deferred tax movement during the period:

	At 30 December 2019 £ 000	Recognised in profit and loss £ 000	At 27 December 2020 £ 000
Accelerated tax depreciation	88	(16)	72

Deferred tax movement during the prior period:

	At 31 December 2018 £ 000	Recognised in profit and loss £ 000	At 29 December 2019 £ 000
Accelerated tax depreciation	-	88	88

A deferred tax asset has been recognised as it is probable that future taxable profit will be available to Reach Plc group against which the temporary differences can be utilised.

**7 Dividends paid**

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Final dividend of £91.00 per each ordinary share	10,000	10,000

**Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)**

**8 Investments**

<b>Investments in subsidiary undertakings</b>	<b>£ 000</b>
<b>Cost</b>	
At 31 December 2018	1,462,148
Additions	333,569
At 29 December 2019	1,795,717
At 30 December 2019	1,795,717
Additions	57,087
At 27 December 2020	1,852,804
<b>Provision</b>	
At 31 December 2018	(854,216)
At 29 December 2019	(854,216)
At 30 December 2019	(854,216)
Provision	(57,087)
At 27 December 2020	(911,303)
<b>Carrying amount</b>	
At 27 December 2020	941,501
At 29 December 2019	941,501

On 20 December 2018, the company acquired 100% of the issued share capital in Express Newspapers for £333.6 million from TM Media Holdings Limited. The transaction was settled through intercompany.

An impairment review at the reporting date of the company's investments was undertaken which indicated that nil (2019: nil) impairment charge was required.

For the impairment review cash flows have been prepared using the approved Budget for 2021 and projections for a further nine years as this is the period over which the transformation to digital can be assessed. The projections for 2022 to 2030 are internal projections based on continued decline in print revenues and growth in digital revenues and the associated change in the cost base as a result of the changing revenue mix. The company's medium term internal projections are that growth in digital revenue will be sufficient to offset the decline in print revenue and that overall revenue will stabilise. The long-term growth rates beyond the 10-year period have been assessed at 0% based on the view of the market position and maturity of the relevant market. The current post-tax and equivalent pre-tax discount rate used is 10.9% and 13.4% respectively. The impairment review is highly sensitive to reasonably possible changes in key assumptions used in the value-in-use calculations. There is increased uncertainty due to COVID-19. A combination of reasonably possible changes in key assumptions such as print revenue declining at a faster rate than projected, digital revenue growth being significantly lower than projected or the associated change in the cost base being different than projected, could lead to an impairment in investments.

The company's investments in trading companies is in Express Newspapers.

For Express Newspapers if these sensitivities led to a 42% reduction in value in use this would lead to the removal of the headroom.

During the period the company made a capital contribution to Reach Printing Services (Westferry) Limited through an intercompany transaction amounting to £57.1m. This investment has subsequently been impaired.

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

**Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)**

**9 Creditors: amounts falling due within one year**

	<b>27 December 2020 £ 000</b>	<b>29 December 2019 £ 000</b>
Amounts owed to fellow subsidiaries	<u>806,508</u>	<u>749,437</u>

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

**10 Equity capital and reserves**

**Allotted, called up and fully paid shares**

	27 December 2020		29 December 2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	110	110	110	110

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

**11 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 27 December 2020, this amounted to nil (2019: £nil).

**12 Ultimate parent company and immediate parent undertaking**

The company's immediate parent is Reach Publishing Group Limited.

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

**Relationship between entity and parents**

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

**13 Events after the end of the reporting period**

No events have arisen since period end that have significantly affected the company's operations, results or state of affairs, or may do so in the future.

**Reach Network Media Limited**  
**(Registration number: 4086475)**

**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 27 December 2020.

The following subsidiaries undertakings, with exception of Scottish Express Newspapers Limited, Trinity Mirror Marketing LLC and Iberian Ediciones Limited, 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.

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, New York 10013.

Iberian Ediciones Limited is 50% owned and incorporated in the United Kingdom, with a registered office at 26-28 Bedford Row, London WC1R 4HE.

**Company**

**Direct**

Trinity Mirror Digital 1 Limited  
TM Leasing Limited  
Trinity Mirror Media Limited  
Reach Magazines Publishing Limited  
TM Titles Limited  
Reach Magazines Worldwide Limited  
Trinity Mirror Finance Limited  
Express Newspapers

**Indirect**

Beaverbrook Newspapers Limited	TM North America Limited
Blackfriars Leasing Limited	Trinity Mirror Videos Limited
Broughton Printers Limited	OK Magazines Limited
Burginhall 677 Limited	OK Magazines Trading Co Limited
Daily Express Limited	OK! Magazine Holdings Limited
Daily Star Limited	Scottish Express Newspapers Limited
Export Magazine Distributors Limited	Sightline Publications Limited
Express Newspapers Pension Trustees Limited	Sunday Express Limited
Express Newspapers Properties Limited	The Green Magazine Company Limited
Express Printers Manchester Limited	TM Tower Management Services Limited
Express Property Management Limited	Tower Magazines Limited
Reach Magazines Distribution Limited	United Magazines Publishing Services Limited
Reach Magazines Limited	West Ferry Leasing Limited
Trinity Mirror Marketing LLC	Reach Printing Services (West Ferry) Limited
TM Media Holdings Limited	West Ferry Printers Pension Scheme Trustees Limited

**Joint Ventures**

Iberian Ediciones Limited