

Company Registration No. 06395556 (England and Wales)

**TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN &
SHELL WORLDWIDE LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

COMPANY INFORMATION

| | | |
|--------------------------|--|------------------------------|
| Directors | Mr S Fox | (Appointed 28 February 2018) |
| | Mr V Vaghela | (Appointed 28 February 2018) |
| | Reach Directors Limited | (Appointed 28 February 2018) |
| Company number | 06395556 | |
| Registered office | One Canada Square Canary Wharf London United Kingdom E14 5AP | |
| Auditor | KPMG LLP 15 Canada Square London United Kingdom E14 5GL | |
| Bankers | Barclays Bank 27 Soho Square London United Kingdom W1D 3QR | |

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

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TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017. On 2 March 2018, the company changed its name from Northern & Shell Worldwide Limited to Trinity Mirror Worldwide Limited.

Principal activities

The principal activity of the company continued to be that of the management, exploitation and further development of intellectual property.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-------------------------|------------------------------|
| Mr M S Ellice | (Resigned 28 February 2018) |
| Mr R Sanderson | (Resigned 28 February 2018) |
| Mr S Fox | (Appointed 28 February 2018) |
| Mr V Vaghela | (Appointed 28 February 2018) |
| Reach Directors Limited | (Appointed 28 February 2018) |

Results and dividends

The results for the year are set out on page 8.

The company recorded a loss before taxation of £1.9 million (2016: £7.1 million).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Review of the period and future developments

The directors consider the result for the year to be satisfactory. It is the intention of the company to continue in its principal activity for the foreseeable future.

The risks, uncertainties and key performance indicators pertaining to the company during 2017 are discussed in the Strategic Report of Northern & Shell Limited (formerly Northern & Shell Media Group Limited), the ultimate parent of the company at the Balance Sheet date.

On 28 February 2018, Trinity Mirror Network Limited (formerly Northern & Shell Network Limited) and all entities controlled by it, were acquired by Reach plc (formerly Trinity Mirror plc). Further details of the transaction are disclosed in note 17, Events after the reporting date.

The company's net assets were £18.7 million as at 31 December 2017 (2016: £20.7 million).

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Financial risk management

The company's operations expose it to a variety of financial risks that include liquidity, interest rate cash flow, foreign exchange, credit and geopolitical risks. 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.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate cash flow risk

The company has interest bearing assets and liabilities. The interest bearing assets are cash balances and amounts owed by group undertakings subject to floating interest rates. The interest bearing liabilities are amounts owed to group undertakings subject to floating interest rates. The directors keep these measures under constant review.

Foreign currency risk

The company has foreign currency assets and liabilities. The company does not currently use financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied. The directors keep these measures under constant review.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Geopolitical risk

There continues to be macroeconomic uncertainty created by the process of Britain exiting the European Union and political uncertainty following the General Election.

Employee involvement

During the year, the company maintained its practice of keeping employees informed about current activities and progress of the business using various methods, including formal briefings and emails. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account where decisions are likely to affect their interests. This practice is reviewed regularly.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Political donations

The company made no political donations or incurred any political expenditure during the year (2016: £nil).

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

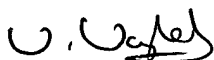
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The company has net current liabilities. A letter of support has been received from its immediate parent company, Trinity Mirror Network Limited (formerly Northern & Shell Network Limited), stating that this company will provide financial support as necessary to enable the company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

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

On behalf of the board



Mr V Vaghela

Director

18 June 2018

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

Opinion

We have audited the financial statements of Trinity Mirror Worldwide Limited (formerly Northern & Shell Worldwide Limited) ("the company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

The purpose of our audit work and to whom we owe our responsibilities

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.

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
United Kingdom
E14 5GL

Date: 18 June 2018

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

| | Notes | 2017 £000 | 2016 £000 |
|--|-------|----------------|----------------|
| Turnover | 3 | 2,654 | 2,522 |
| Cost of sales | | (4,502) | (9,617) |
| Gross loss | | (1,848) | (7,095) |
| Administrative expenses | | (133) | 38 |
| Operating loss | 4 | (1,981) | (7,057) |
| Interest receivable and similar income | 8 | 349 | 294 |
| Interest payable and similar expenses | 9 | (295) | (289) |
| Loss before taxation | | (1,927) | (7,052) |
| Taxation | 10 | (38) | (499) |
| Loss for the financial year | | (1,965) | (7,551) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (1,965) | (7,551) |

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 21 form an integral part of these financial statements.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

BALANCE SHEET

AS AT 31 DECEMBER 2017

| | Notes | 2017 £000 | 2016 £000 | 2016 £000 |
|---|-------|--------------|---------------|---------------|
| Fixed assets | | | | |
| Intangible assets | 11 | | 19,478 | 23,929 |
| Investments | 12 | | - | - |
| | | | <u>19,478</u> | <u>23,929</u> |
| Current assets | | | | |
| Debtors | 14 | 14,961 | | 12,431 |
| Creditors: amounts falling due within one year | 15 | (15,717) | | (15,673) |
| Net current liabilities | | | (756) | (3,242) |
| Net assets | | | <u>18,722</u> | <u>20,687</u> |
| Capital and reserves | | | | |
| Called up share capital | 16 | | - | - |
| Profit and loss reserves | | | 18,722 | 20,687 |
| Total equity | | | <u>18,722</u> | <u>20,687</u> |

The notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 18 June 2018 and are signed on its behalf by:



Mr V Vaghela
Director

Company Registration No. 06395556

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

| | Share capital £000 | Profit and loss reserves £000 | Total £000 |
|-------------------------------------|--------------------------|--|---------------|
| Balance at 1 January 2016 | - | 28,238 | 28,238 |
| Year ended 31 December 2016: | | | |
| Loss for the year | - | (7,551) | (7,551) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2016 | - | 20,687 | 20,687 |
| Year ended 31 December 2017: | | | |
| Loss for the year | - | (1,965) | (1,965) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2017 | - | 18,722 | 18,722 |
| | <hr/> | <hr/> | <hr/> |

The notes on pages 11 to 21 form an integral part of these financial statements.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Trinity Mirror Worldwide Limited (formerly Northern & Shell Worldwide Limited) is a private company limited by shares incorporated in England and Wales. The registered office is One Canada Square, Canary Wharf, London, United Kingdom, E14 5AP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000 (unless stated otherwise).

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group at the Balance Sheet date where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

At the Balance Sheet date, Trinity Mirror Worldwide Limited was a wholly owned subsidiary of Northern & Shell Limited and the results of Trinity Mirror Worldwide Limited are included in the consolidated financial statements of Northern & Shell Limited which are available from its registered office, The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN.

The company has taken advantage of the exemption provided in section 33.1A of Financial Reporting Standard 102 from the requirement to disclose transactions with other wholly owned group members of Northern & Shell Limited.

On 28 February 2018, Trinity Mirror Network Limited and all entities controlled by it, were acquired by Reach plc (formerly Trinity Mirror plc). Further details of the transaction are disclosed in note 17, Events after the reporting date.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.2 Going concern

The company has net current liabilities. A letter of support has been received from its immediate parent company, Trinity Mirror Network Limited (formerly Northern & Shell Network Limited), stating that this company will provide financial support as necessary to enable the company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when; the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover is generated from the utilisation of intellectual property. Royalty income is recognised evenly over the period of contract and merchandise sales are recognised in delivery of the goods.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|----------|
| Intellectual Property | 10 years |
|-----------------------|----------|

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its fixed and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.9 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date, and any adjustment to tax payable/receivable in respect of previous years.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is calculated at the standard enacted rate of corporation tax in the UK of 17% (2016: 17%). 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.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider the judgement associated with these financial statements to be over the carrying value of the intangible assets.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover

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

| | 2017 £000 | 2016 £000 |
|----------------|--------------|--------------|
| Royalty income | 2,654 | 2,522 |

Turnover analysed by geographical market

| | 2017 £000 | 2016 £000 |
|----------------|--------------|--------------|
| United Kingdom | 1,751 | 1,773 |
| Europe | 619 | 470 |
| Rest of World | 284 | 279 |
| | 2,654 | 2,522 |

4 Operating loss

Operating loss for the year is stated after charging/(crediting):

| | 2017 £000 | 2016 £000 |
|-----------------------------------|--------------|--------------|
| Exchange (gains)/losses | (19) | 23 |
| Amortisation of intangible assets | 3,418 | 4,182 |
| Impairment of intangible assets | 1,033 | 5,345 |

5 Auditor's remuneration

Auditor's remuneration of £6,500 (2016: £6,000) in respect of the audit of these financial statements for the year ended 31 December 2017 is borne by a fellow group undertaking. There were no non audit services.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2017 Number | 2016 Number |
|----------------|----------------|----------------|
| Administration | 3 | 3 |

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees (Continued)

Their aggregate remuneration comprised:

| | 2017 £000 | 2016 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 42 | 57 |
| Social security costs | 4 | 4 |
| Pension costs | 1 | 1 |
| | <u>47</u> | <u>62</u> |

7 Directors' remuneration

All directors who served during the year were employed by other group companies and were remunerated for the qualifying services they provided to them. The value ascribed to these qualifying services in 2017 is £nil (2016: £nil).

8 Interest receivable and similar income

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Interest receivable from group undertakings | <u>349</u> | <u>294</u> |

9 Interest payable and similar expenses

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Interest payable to group undertakings | <u>295</u> | <u>289</u> |

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 38 | 16 |
| Double tax relief | (38) | (16) |
| Group tax relief | - | 480 |
| Total UK current tax | - | 480 |
| Foreign current tax on profits for the current period | 38 | 16 |
| Total current tax | 38 | 496 |
| Deferred tax | | |
| Adjustment in respect of prior periods | - | 3 |
| Total tax charge | 38 | 499 |

A reduction in the UK Corporation Tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Loss before taxation | (1,927) | (7,052) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) | (371) | (1,410) |
| Tax effect of expenses that are not deductible in determining taxable profit | 858 | 1,906 |
| Adjustments in respect of prior years | - | 3 |
| Group relief not paid for | (449) | - |
| Taxation for the year | 38 | 499 |

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Intangible fixed assets

| | Intellectual Property £000 |
|--|-------------------------------|
| Cost | |
| At 1 January 2017 and 31 December 2017 | 58,875 |
| Amortisation and impairment | |
| At 1 January 2017 | 34,946 |
| Amortisation charged for the year | 3,418 |
| Impairment losses | 1,033 |
| At 31 December 2017 | 39,397 |
| Carrying amount | |
| At 31 December 2017 | 19,478 |
| At 31 December 2016 | 23,929 |

The company's policy is to carry out annual impairment reviews of intangible fixed assets. Based on operating results and future forecasts as at 31 December 2017 the carrying amount of intangible assets exceeded the recoverable amount by £1.0 million (2016: £5.3 million) and consequently has been written down by this amount. The impairment loss has been recognised within cost of sales in the profit and loss account (note 4).

12 Fixed asset investments

| | 2017 £000 | 2016 £000 |
|-----------------------------------|--------------|--------------|
| Shares in group undertakings | | |
| At 1 January and 31 December 2017 | - | - |

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct Indirect |
|-------------------------------|-------------------|--------------------|----------------------|---------------------------|
| OK! Magazine Holdings Limited | United Kingdom | Dormant | Ordinary | 100.00 |

The above subsidiary undertaking is 100% owned and incorporated in the United Kingdom, with a registered office at One Canada Square, Canary Wharf, London, E14 5AP.

There were no changes in ownership or class of shares held during the year.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Debtors

| | 2017 | 2016 |
|---|---------------|---------------|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| Trade debtors | 497 | 411 |
| Amounts due from group undertakings | 12,704 | 11,303 |
| Other debtors | 9 | 9 |
| Prepayments and accrued income | 1,751 | 708 |
| | <u>14,961</u> | <u>12,431</u> |

Amounts due from group undertakings carry interest at 2% above base, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts due from group undertakings, are non interest bearing, unsecured and repayable on demand.

15 Creditors: amounts falling due within one year

| | 2017 | 2016 |
|--|---------------|---------------|
| | £000 | £000 |
| Trade creditors | - | 2 |
| Amounts due to group undertakings | 12,123 | 11,893 |
| Amounts due to group undertakings with respect to group relief | 3,272 | 3,272 |
| Other taxation and social security | 11 | 11 |
| Accruals and deferred income | 311 | 495 |
| | <u>15,717</u> | <u>15,673</u> |

Amounts due to group undertakings carry interest at 2% above base rate, are unsecured and repayable on demand. Amounts owed to dormant group undertakings, included in amounts due to group undertakings, and amounts due to group undertakings with respect to group relief are non-interest bearing, unsecured and repayable on demand.

16 Share capital

| | 2017 | 2016 |
|-------------------------------|----------|----------|
| | £000 | £000 |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 11 Ordinary of £1 each | <u>-</u> | <u>-</u> |

17 Events after the reporting date

On 28 February 2018, the acquisition of 100% of the equity in Trinity Mirror Network Limited (formerly Northern & Shell Network Limited) was completed by Reach plc (formerly Trinity Mirror plc). The company's ultimate parent undertaking is now Reach plc.

TRINITY MIRROR WORLDWIDE LIMITED (FORMERLY NORTHERN & SHELL WORLDWIDE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Controlling party

The immediate parent undertaking is Trinity Mirror Network Limited (formerly Northern & Shell Network Limited).

The ultimate controlling party and the ultimate parent undertaking is Reach plc (formerly Trinity Mirror plc).

At the Balance Sheet date, the smallest and largest groups into which these accounts are consolidated is Northern & Shell Limited (formerly Northern & Shell Media Group Limited), a company registered in England. Copies of its financial statements can be obtained from: The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, United Kingdom.