

# ARCHANT

---

**ARCHANT  
LIMITED**

ANNUAL  
REPORT  
2018

---

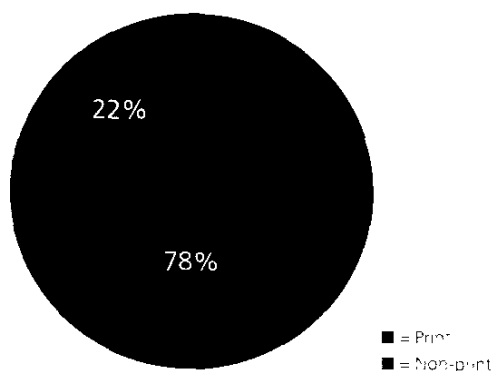
THURSDAY



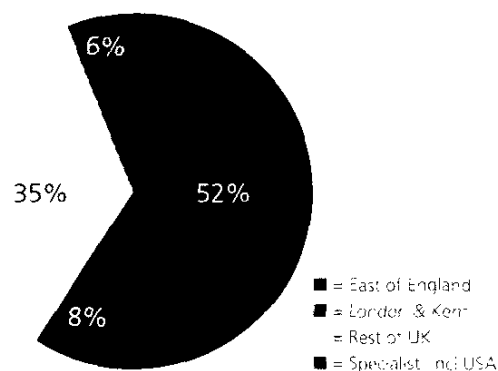
A12      \*A8BF1IDU\*      #339  
08/08/2019  
COMPANIES HOUSE

## ARCHANT AT A GLANCE

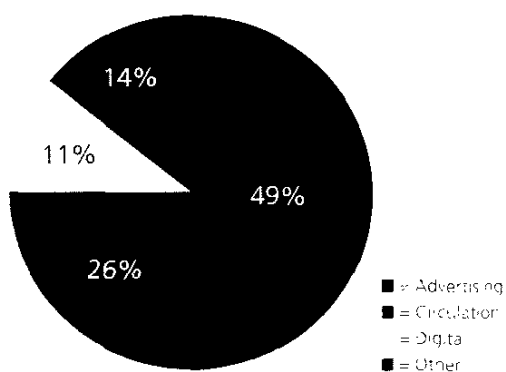
REVENUE BY MEDIUM 2018



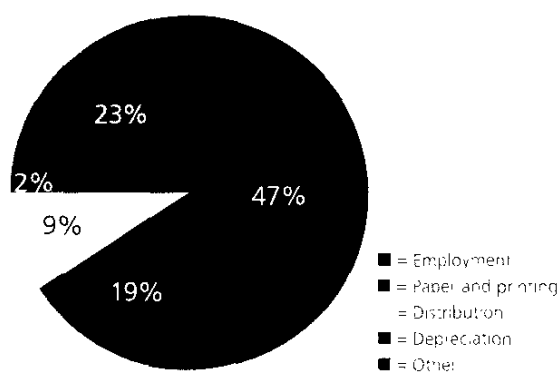
REVENUE BY AUDIENCE GROUP 2018



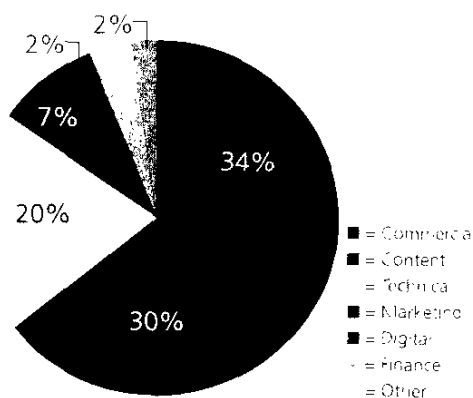
REVENUE BY TYPE 2018



OPERATING COSTS 2018  
INCLUDED IN UNDERLYING OPERATING PROFIT



FULL TIME EQUIVALENT STAFF  
NUMBERS 2018



AUDIENCE 2018



**DAILY NEWSPAPERS**  
over 50,000 copies per day



**WEEKLY NEWSPAPERS**  
over 740,000 copies per week



**MAGAZINES**  
over 590,000 copies per month



**DIGITAL AUDIENCE**  
over 34,400,000 pages viewed,  
and 8,500,000 unique visitors  
on average each month

# **ARCHANT LIMITED ANNUAL REPORT 2018**

Archant at a glance	2
Strategic report	4
Directors' report	6
Independent auditor's report	8
Consolidated income statement	11
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13
Consolidated statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the consolidated financial statements	16
Company statement of financial position	59
Company statement of changes in equity	60
Notes to the Company financial statements	61
Notice of Annual General Meeting	67
Useful information for shareholders	69

## STRATEGIC REPORT

The Directors present their Strategic report for the year ended 31 December 2018

### PRINCIPAL ACTIVITIES

The parent company's ("the Company") principal activity is that of a holding company for the Archant group of companies ("the Group").

The Group's principal activity during the year continued to be primarily UK based and comprise a single trade of publishing content, predominantly in print, online, through mobile technologies, live events and printing.

### BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The business continues to operate in an increasingly fragmented media landscape; its localness and understanding of its audiences and customers, together with its trusted relationship with these groups, remains one of its key strengths.

The key financial and non-financial performance indicators for the Group are focused on driving and monitoring the transition of leveraging local and regional audiences via online media in light of the continuing decline in print:

	Reported		Like-for-like	
	2018	2017	2018	2017
Total revenue	<b>£87.3m</b>	£96.6m	<b>£87.2m</b>	£95.5m
Advertising and other revenue (incl digital)	<b>£64.2m</b>	£72.0m	<b>£64.2m</b>	£70.9m
Circulation revenue	<b>£23.1m</b>	£24.6m	<b>£23.0m</b>	£24.6m
Subscriptions (% of magazine copy sales)	<b>57.2%</b>	55.5%	<b>57.2%</b>	55.5%
Digital revenue - classified	<b>£2.0m</b>	£2.3m	<b>£2.0m</b>	£2.3m
Digital revenue - other	<b>£7.3m</b>	£5.9m	<b>£7.3m</b>	£5.9m
Operating costs*	<b>£84.6m</b>	£92.5m	<b>£84.5m</b>	£90.8m
Operating profit*	<b>£2.7m</b>	£4.1m	<b>£2.7m</b>	£4.7m
Net cash	<b>£2.9m</b>	£8.7m	<b>£2.9m</b>	£8.7m
Web and mobile traffic (MUVs)	<b>8.5m</b>	8.7m	<b>8.5m</b>	8.7m
Page views	<b>34.4m</b>	33.8m	<b>34.4m</b>	33.8m

\*excluding items not included in underlying operating profit

On a like-for-like basis, the reduction in ongoing revenues is 8.6% reflecting the challenging environment within the industry. Advertising and other revenue fell by 10.8% on a like-for-like basis. Newspaper circulation revenue fell 6.6% to £16.4m, and magazine circulation revenue fell 4.4% to £6.6m.

Revenue from like-for-like digital activities has grown by 13.2% to £9.3m. This is underpinned by growth in the key drivers of digital presence – audience. Monthly unique visitors to our fixed and mobile sites on a like-for-like basis fell from 8.7m in 2017 to 8.5m but average monthly Archant fixed and mobile site page views increased from 33.8m to 34.4m. When the legacy classified business is excluded the like-for-like growth is 23.0%, mainly driven by revenue from content display.

## STRATEGIC REPORT continued

The directors continue to balance investment with good cost management. Operating costs were reduced by 8.6% to £84.6m with ongoing employment costs down by 8.7% and printing and paper costs falling by 7.1% compared to the prior year.

Operating profit before amortisation, impairment and exceptional items reduced by 32.9% to £2.7m as revenues fell more than cost savings.

The Group maintains sufficient debt headroom to ensure it can meet all its cash liabilities. The Group's banking facilities were renewed during the year and are in place until June 2022.

### FUTURE DEVELOPMENTS

The directors are not aware, at the date of this report, of any likely major changes in the Group's activity in the next year.

### PRINCIPAL RISKS AND UNCERTAINTIES

There is an ongoing process for the identification, evaluation and management of the significant risks faced by the Group. The management and mitigation of any adverse impact of the key risks identified are:

Finance risk, and in particular liquidity risk is managed by the Group through committed short-term and long-term finance facilities at a level to meet the Group's anticipated funding requirements. These finance facilities require certain financial covenants to be met including profit and cash.

Market risk, driven by lifestyle and attitude to spend on media is managed via the Group aiming to provide high quality editorial content in all its products to provide appropriate quality and value for its audience to encourage repeat purchases. Investment is continuing in digital brands, and in strengthening the Group's fixed web and mobile presence. The Group reviews economic, industry and other relevant data to evaluate future revenue trends and to put appropriate plans in place.

The Group continues to be exposed to regulatory changes, investment market fluctuations or changes in other core assumptions via its defined benefit pension scheme deficit. This is carefully monitored and there are regular reviews with the Trustee of the scheme. The Group and Trustee have taken appropriate actions to mitigate the growth in pension liabilities including closing the scheme to future accrual and managing the investment strategy to increase hedging on discount rates and inflation.

The Group is dependent on technology in particular computer networks and software. To mitigate this business continuity plans are reviewed annually. The Group has full mirroring of core systems across two sites and uses cloud based services where appropriate. The Group also maintains adequate Business Interruption insurance cover in the event of financial loss as a result of failures in key systems.

By order of the Board,

**BG McCarthy**

Director

27 February 2019

## **DIRECTORS' REPORT**

The Directors present their report for the year ended 31 December 2018

### **DIRECTORS**

The following directors held office during the year:

S T Bax  
S C Copeman  
J L Herry  
A J Hastings  
B G McCarthy  
D J M Hill  
M J Walsh

### **DIVIDENDS**

The directors do not propose a final dividend in respect of 2018 (2017: Nil). No interim dividend was paid during the year (2017: Nil).

### **GOING CONCERN**

The Group's business activities, together with the factors likely to affect its future development are described in the Strategic report on pages 4 to 5.

The Archant Group has considerable financial resources and facilities available, together with secure long term contracts with principal suppliers. The Archant Group's budgeting and forecasting processes include the preparation of forecast cash flows, based on expected trading results, the Archant Group's overall working capital requirements and other non trading cash items, including capital expenditure, interest, debt and taxation. These forecasts indicate that the Archant Group has an adequate level of facilities to meet its forecast cash requirements, and as a consequence the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors

have continued to adopt the going concern basis in preparing the accompanying financial statements.

### **DIRECTORS' LIABILITIES**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic report, 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 the law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs). 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 Group and the Company and of the profit or loss of the Group for that period.

In preparing those 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

## **DIRECTORS' REPORT** continued

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were members of the board at the time of approving this report are listed on page 6. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the Company's auditors are unaware, and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

### **ANNUAL GENERAL MEETING**

The 2019 Annual General Meeting will be held at 11.00 a.m. on 2 May 2019 at Prospect House, Rouen Road, Norwich NR1 1RE.

By order of the Board,

**B G McCarthy**

Director

27 February 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT LIMITED

(Company number 4126997)

### OPINION

We have audited the financial statements of Archant Limited (the Parent Company) and its subsidiaries (the Group) for the year ended 31 December 2018 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Group and Parent Company statement of financial position, the Group and Parent Company statement of changes in equity, the Consolidated Cash flows and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group

and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent 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.

### OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT LIMITED

continued

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## 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 year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHANT LIMITED**

continued

### **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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

#### **Nick Gomer**

Senior statutory auditor  
for and on behalf of  
Ernst & Young LLP  
Statutory Auditor  
Cambridge

**27 February 2019**

# **CONSOLIDATED INCOME STATEMENT** for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
<b>REVENUE</b>	3	<b>87,275</b>	96,593
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(6,632)</b>	1,502
Finance income	7	<b>11</b>	3
Finance costs	2	<b>(286)</b>	(370)
Finance expense on pension liability	32	<b>(699)</b>	(969)
<b>(LOSS) BEFORE TAXATION</b>		<b>(7,606)</b>	334
Income tax credit/expense	9	<b>774</b>	(641)
<b>(LOSS) FOR THE YEAR</b>		<b>(6,832)</b>	(975)
Attributable to:			
Equity shareholders of the Company		<b>(6,832)</b>	(975)
Non-controlling interests		-	-
		<b>(6,832)</b>	(975)
<b>ITEMS NOT INCLUDED IN UNDERLYING PROFIT BEFORE TAX</b>			
Loss before taxation		<b>(7,606)</b>	334
Adjusted for:			
Amortisation of intangible assets	4	<b>1,920</b>	2,272
Impairment of intangible assets and investments	4	<b>3,087</b>	2,139
Fair value adjustments of unlisted investments	4	<b>4</b>	(101)
Past service cost for Guaranteed Minimum Pensions equalisation	4	<b>3,025</b>	-
Pension loss on settlements	4	<b>99</b>	-
Restructuring and other exceptional costs	4	<b>1,194</b>	2,239
Loss/profit on disposals	4	<b>19</b>	(3,999)
Interest on historic corporation tax liabilities	4	<b>37</b>	716
<b>UNDERLYING PROFIT BEFORE TAX</b>		<b>1,779</b>	<b>2,932</b>
Statutory loss per share:			
Basic	11	<b>(49.2)</b>	(7.0)
Diluted	11	<b>(49.2)</b>	(7.0)
Underlying earnings per share:			
Basic	11	<b>6.5</b>	14.0

The revenue and profit/(loss) presented above are derived from continuing operations.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2018

	Note	2018 £000	2017 £000
<b>Loss for the year</b>		<b>(6,832)</b>	<b>(975)</b>
<b>Other comprehensive income:</b>			
<b>Items to be reclassified to the consolidated income statement in subsequent periods:</b>			
Exchange differences on translation of foreign operations		(6)	29
Net unrealised surplus/(deficit) on available-for-sale financial assets		1,135	(791)
<b>Net other comprehensive income to be reclassified to the consolidated income statement in subsequent periods</b>		<b>1,129</b>	<b>(762)</b>
<b>Items not to be reclassified to the consolidated income statement in subsequent periods:</b>			
Actuarial gains recognised on pension liability	32	4,397	6,891
Movement on deferred tax asset associated with pension liability		(835)	(1,171)
Change in deferred tax asset on pension liability arising from a change in the rate of corporation tax		24	50
Deferred tax on revaluation of land and buildings		50	26
Revaluation of land and buildings		(51)	(508)
<b>Net other comprehensive income not to be reclassified to the consolidated income statement in subsequent periods</b>		<b>3,585</b>	<b>5,188</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(2,118)</b>	<b>3,451</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(2,118)</b>	<b>3,451</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2018**

	Notes	2018 £000	2017 £000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	12	4,928	9,637
Property, plant and equipment	13	16,818	18,582
Available-for-sale financial assets	14	4,139	3,244
Deferred tax assets	22	7,109	7,172
Other receivables	17	66	198
		<b>33,060</b>	<b>38,833</b>
<b>CURRENT ASSETS</b>			
Inventories	16	663	793
Trade and other receivables	17	12,250	12,146
Cash and cash equivalents	18	3,724	9,669
		<b>16,637</b>	<b>22,608</b>
<b>TOTAL ASSETS</b>		<b>49,697</b>	<b>61,441</b>
<b>CURRENT LIABILITIES</b>			
Borrowings and overdrafts	20	835	938
Trade and other payables	19	11,774	12,720
Current tax liabilities		94	5,224
Provisions	21	161	105
		<b>12,864</b>	<b>18,987</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	21	910	707
<b>TOTAL LIABILITIES</b>		<b>13,774</b>	<b>19,694</b>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<b>35,923</b>	<b>41,747</b>
Pension liability	32	25,288	29,025
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>10,635</b>	<b>12,722</b>
<b>EQUITY</b>			
Called up share capital	23	2,885	2,884
Share premium account	24	2,676	2,675
Other reserves	25	9,685	8,769
Retained earnings	26	(4,611)	(1,606)
<b>TOTAL EQUITY</b>		<b>10,635</b>	<b>12,722</b>

**S Bax**  
Chairman

**BG McCarthy**  
Director

27 February 2019

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2018

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
<b>At 31 December 2016</b>		2,884	2,675	10,358	(7,133)	9,384
<b>Loss for the year</b>		-	-	-	(975)	(975)
<b>Other comprehensive income:</b>						
Actuarial losses on pension liability	32	-	-	-	6,891	6,891
Tax on pension liability		-	-	-	(1,221)	(1,221)
Revaluation of freehold property		-	-	-	(482)	(482)
Fair value of listed and unlisted investments		-	-	(791)	-	(791)
Foreign currency translation		-	-	29	-	29
<b>Other comprehensive income</b>		-	-	(762)	5,188	4,426
<b>Total comprehensive income</b>		-	-	(762)	4,213	3,451
Purchase of own shares held by employee trusts		-	-	(8)	-	(8)
Sale of own shares held by employee trusts		-	-	14	-	14
Debit to equity for share-based payment		-	-	(119)	-	(119)
Realised on disposal of freehold property		-	-	(1,193)	1,193	-
Depreciation transfer for freehold property		-	-	(121)	121	-
<b>At 31 December 2017</b>		2,884	2,675	8,769	(1,606)	12,722
<b>Loss for the year</b>		-	-	-	(6,832)	(6,832)
<b>Other comprehensive income:</b>						
Actuarial gains on pension liability	32	-	-	-	4,397	4,397
Tax on pension liability		-	-	-	811	(811)
Fair value of listed and unlisted investments		-	-	1,135	-	1,135
Revaluation of freehold property		-	-	-	(51)	(51)
Deferred tax on revaluation of land and buildings		-	-	-	50	50
Foreign currency translation		-	-	(6)	-	(6)
<b>Other comprehensive income</b>		-	-	1,129	3,585	4,714
<b>Total comprehensive income</b>		-	-	1,129	(3,247)	(2,118)
Purchase of own shares held by employee trusts		-	-	(1)	-	(1)
Issue of share capital		1	1	-	-	2
Debit to equity for share-based payment		-	-	(21)	-	(21)
Revaluation of freehold property		-	-	51	-	51
Realised on disposal of freehold property		-	-	(121)	121	-
Depreciation transfer for freehold property		-	-	(121)	121	-
<b>At 31 December 2018</b>		2,885	2,676	9,685	(4,611)	10,635

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Cash flow from operating activities	28	(18)	355
Income tax paid		(5,054)	9,099
<b>Net cash used in operating activities</b>		<b>(5,072)</b>	<b>8,244</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(99)	424
Purchase of property, plant and equipment		(313)	416
Sale of property, plant and equipment		152	7,718
Purchase of unlisted investments		(200)	14
Sale of unlisted investments		206	-
Interest received		11	3
<b>Net cash (used)/generated in investing activities</b>		<b>(243)</b>	<b>6,877</b>
<b>Cash flows from financing activities</b>			
Interest paid		(485)	(5,279)
Financing costs for bank facilities		(70)	-
Issue of ordinary share capital		2	-
Sale of own shares		-	14
Purchase of own shares		(1)	(6)
<b>Net cash used in financing activities</b>		<b>(554)</b>	<b>(5,271)</b>
<b>Net cash outflow from activities</b>		<b>(5,869)</b>	<b>(6,638)</b>
Financing costs for bank facilities		70	-
Amortisation of loan issue costs		(43)	26
<b>Net movement in cash and cash equivalents</b>		<b>(5,842)</b>	<b>(6,664)</b>
<b>Opening cash and cash equivalents</b>		<b>8,731</b>	<b>15,395</b>
<b>Closing cash and cash equivalents</b>		<b>2,889</b>	<b>8,731</b>

### MOVEMENTS IN NET FUNDS

	At 31 December 2017 £000	Cash flow £000	Other non- cash changes £000	At 31 December 2018 £000
<b>Cash and cash equivalents</b>	9,699	(5,945)	-	3,724
EBT loan/overdraft	(977)	77	-	(900)
Loan issue costs	39	69	(43)	65
<b>Bank loans and overdrafts</b>	(938)	146	(43)	835
<b>Net funds</b>	8,371	(5,799)	(43)	2,889

## **1 CORPORATE INFORMATION**

The consolidated financial statements of Archant Limited and its subsidiaries (collectively the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 27 February 2019. Archant Limited (the Company or the parent) is an unlisted limited company incorporated and domiciled in the United Kingdom. Its registered office

is located at Prospect House, Rouen Road, Norwich NR1 1RE.

The Group's principal activity during the year continued to be primarily UK based and comprise a single trade of publishing content, predominantly in print, online, through mobile technologies, live events and printing.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

These policies have been consistently applied to all the years presented unless otherwise stated.

### **NEW STANDARDS ADOPTED BY THE GROUP**

The Group has applied the following standards for the first time for the consolidated financial statements for the reporting period commencing 1 January 2018.

#### **IFRS 9 Financial Instruments IFRS 15 Revenue from contracts with customers**

The adoption of these standards did not have any impact on the amounts recognised in prior periods, and will have limited impact on amounts recognised in the current and future periods.

### **STANDARD NOT YET APPLIED**

The following standard has an effective date after the date of these financial statements but the Group has not early adopted the standard and plans to adopt it from the effective date adopted by the EU.

#### **IFRS 16 Leases (effective 1 January 2019)**

Under IFRS 16 the Group is required to capitalise assets held under operating leases and to recognise the corresponding lease obligations. The Group is also required to recognise depreciation charges on those assets and financing costs for the leasing obligations, rather than the operating lease rentals currently recognised.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The Group has determined to adopt the modified retrospective basis for implementing IFRS 16. As a matter of expedience, the Group will capitalise all fleet vehicles; the Group will capitalise leased office equipment unless able to apply the exemption for low value and/or short life assets, and the Group will assess leasehold property on a case-by-case basis depending on the likely exit dates.

The estimated impact on the Group income statement and statement of financial position for the year commencing 1 January 2019 is:

### Income statement:

	£000
Depreciation charges	(1,414)
Operating lease rentals	1,471
Financing cost	(73)
Net impact on income statement	(16)

### Statement of financial position:

	£000
Fixed assets	3,321
Leasing obligations	(3,337)
Impact on net assets	(16)

### BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 December each year.

### SUBSIDIARY UNDERTAKINGS

Subsidiary undertakings are all entities over which the Group has control. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for each acquisition is the fair values of the assets transferred, the liabilities incurred to the former owners of the

acquiree and the equity interests issued by the Group and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Intra-group transactions, balances and unrealised gains are eliminated on consolidation.

The accounting policies of subsidiary undertakings are consistent with the policies adopted by the Group.

### AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets comprise listed and unlisted equity investments and are those that are neither classified as held for trading nor designated at fair value through profit or loss.

Available-for-sale financial assets are recognised initially at fair value on the dates of acquisition and are subsequently measured at fair value. Unrealised gains or losses are recognised in other comprehensive income and credited in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to other costs in the Consolidated income statement. Dividend income from available-for-sale financial assets is recognised when the shareholders' rights to receive payment have been established and reported as finance income.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

### **INTANGIBLE ASSETS**

#### **(a) Newspaper and magazine titles**

Newspaper and magazine titles acquired prior to 31 December 1997 were classified as goodwill and written off directly to reserves.

Newspaper and magazine titles acquired separately since 1 January 1998 are measured on initial recognition at cost. The cost of newspaper and magazine titles acquired in a business combination is their fair value at the date of acquisition. Newspaper and magazine titles have finite useful lives, and following initial recognition, newspaper and magazine titles are carried at cost less accumulated amortisation and impairment losses. Internally generated newspaper and magazine titles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Newspaper and magazine titles are amortised on a straight line basis over their useful economic lives, and assessed for impairment whenever there is an indication that the titles may be impaired. The amortisation period and the amortisation method for newspaper and magazine titles are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of newspaper and magazine titles are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### **(b) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition and in accordance with IFRS 3 'Business combinations' is not amortised.

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves and was not reinstated on implementation of FRS 10.

The Group has elected to take advantage of the exemption under IFRS 1 not to restate all business combinations prior to 1 January 2014, and accordingly the value of goodwill reported under UK GAAP at 1 January 2014 is frozen.

Goodwill is allocated to cash generating units (CGUs) and is tested for impairment annually at the year end, or at any other time that there is an indication of impairment, and is carried at cost less accumulated impairment losses. Impairment losses are charged to the Consolidated income statement. These impairment calculations require the use of estimates and significant management judgement. A description of the key assumptions and sensitivities is included in note 12.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves is taken into account in determining the profit or loss on sale or closure.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### (c) Computer software

Computer software licences are capitalised at cost including the cost to bring into use.

Computer software licences are amortised on a straight line basis over the shorter of their useful economic lives and five years. Computer software licences are assessed for impairment whenever there is an indication that the software licence may be impaired.

Computer software is carried at cost less accumulated amortisation and impairment.

additions stated at cost valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent of any existing surplus in respect of that asset in the revaluation reserve in other comprehensive income.

### (d) Website and other digital development costs

Website and other digital development costs are capitalised only if the asset created can be identified, it is probable that the asset created will generate future economic benefits and the development cost can be measured reliably. Such assets are amortised on a straight line basis over their useful economic lives of no more than three years. Where no asset can be recognised, development expenditure and expenditure incurred in research is charged to the Consolidated income statement in the period in which it is incurred.

Capitalised website and other digital development costs are assessed for impairment whenever there is an indication that the assets may be impaired.

An annual transfer is made from the revaluation reserve to retained earnings for the difference between depreciation based on the carrying amount of the revalued assets and that based on the revalued assets' original cost. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

Freehold buildings	35 years
Leasehold buildings	Period of lease
Plant and machinery	Between 5 and 15 years
Other equipment and vehicles	Between 3 and 7 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

### PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are stated at fair value comprising periodic valuations by an external independent valuer, with subsequent

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Consolidated income statement in the period of derecognition.

### **LEASES**

Assets acquired under finance leases are capitalised at the inception of the lease and depreciated over the shorter of their respective lease terms and the estimated useful lives of the assets.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Lease premiums and inducements are recognised in current and non-current assets or liabilities as appropriate, and amortised or released on a straight line basis over the lease term. Vehicle rebates due under separate contract are recognised at the end of the period in which they remain repayable to the manufacturer under the terms of the contract.

Sub-lease income is recognised as income on a straight line basis over the sub-lease term, less allowances for situations where recovery is doubtful.

### **INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Raw materials, consumables and goods for resale are stated at purchase cost on a first-in, first-out basis.

### **TAXATION**

The charge for corporation tax is based on the results for the year as adjusted for items which are not taxed or are disallowed. It is calculated using tax rates in legislation that has been enacted or substantively enacted by the balance sheet date.

Deferred income tax is accounted for using the balance sheet liability method in respect of taxable temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. In principle, deferred tax liabilities are 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Consolidated income statement, except when it relates to items credited or charged to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### PROVISIONS

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

Contingent liabilities are not recognised, but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable.

### FOREIGN CURRENCY TRANSACTIONS

#### (a) Functional currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling (£), which is the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities, including cash and cash equivalents, denominated in foreign currencies are recognised in the Consolidated income statement.

#### (c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

(b) income and expenses for each income statement are translated at average exchange rates, and

(c) all resulting exchange differences are recognised in other comprehensive income.

### TRADE RECEIVABLES

Trade receivables do not carry any interest. They are recorded initially at fair value and subsequently measured at amortised cost for situations where recovery is doubtful. Such allowances are based on an individual assessment of each receivable. Generally, this results in their recognition at nominal value less any allowance for any doubtful debts.

### TRADE PAYABLES

Trade payables are not interest bearing. They are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at nominal value.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand and short-term deposits with initial maturities of three months or less. Cash and cash equivalents are shown net of bank overdrafts where the Group have the right of net settlement.

For the purpose of the Consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank loans and overdrafts.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

### **BORROWINGS**

Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost. Loan arrangement costs in respect of debt are capitalised and amortised over the life of the debt at a constant rate. Finance costs are charged to the Consolidated income statement, based on the effective interest rate of the associated borrowings.

### **PENSIONS**

The Group operates a defined contribution pension scheme, the Archant Pension Plan, which is open to eligible employees. The Group's contributions are charged to the Consolidated income statement in the year in which they are payable.

The defined benefit pension scheme ("the Scheme") operated by the Group was closed to new members in February 1998 and for future accrual from 31 May 2016.

The cost of providing benefits under the Scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the Consolidated income statement on a straight line basis over the vesting period or immediately if the benefits have vested.

The interest cost of the Scheme obligations is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The interest income on Scheme assets is determined by multiplying the fair value of Scheme assets at the beginning of the year by the discount rate, adjusted for the effect on the fair value of Scheme assets of contributions received and benefits paid during the year.

The difference between the interest income on Scheme assets and the interest cost on Scheme obligations is recognised in the Consolidated income statement as other finance income or expense.

Actuarial gains and losses, any difference between the expected return on Scheme assets and that actually achieved and any differences that arise from experience or assumption changes are recognised in full in the Consolidated statement of comprehensive income in the period in which they occur.

The Scheme asset or liability in the consolidated statement of financial position comprises the present value of the Scheme obligation (using a discount rate based on high quality corporate bonds) less any past service cost not yet recognised and less the fair value of Scheme assets out of which the obligations are to be settled directly.

The Group also makes provision for the capital value of unfunded pensions to certain current and former employees in accordance with independent actuarial advice.

### **SEGMENT REPORTING**

The Group's activities are primarily UK based and comprise a single trade of publishing content, predominantly in print, online, through mobile technologies, live events and printing.

### **REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, trade discounts and anticipated returns after eliminating sales within the Group.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as follows:

- Advertising and circulation revenues are recognised on publication or display
- Subscription revenues are recognised over the periods to which the subscriptions relate.
- Printing and contract publishing revenues are recognised on delivery of the publication.
- Other revenues are recognised when the goods or services have been supplied or provided to the customer, and there is a contractual obligation for the customer to pay for those goods or services

### SHARE-BASED PAYMENTS – EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted using an appropriate valuation model.

That cost is recognised in staff costs (Note 5), together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss expense or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

### ITEMS NOT INCLUDED IN UNDERLYING OPERATING PROFIT

The directors believe that the underlying profit and earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The underlying profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The adjustments made to reported profit before tax are to exclude the following:

- profits and losses on the disposal of properties,
- amortisation of intangible assets;
- impairment of intangible assets, investments and loans,
- restructuring costs,
- costs relating to strategy changes that are not considered normal operating costs of the underlying business, and
- other significant and one-off items of income and expense that distort underlying trading

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. Those estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions 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:

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

### ***Pensions***

Pension accounting requires certain assumptions to be made in order to value our obligations and to determine the charges to be made to the Consolidated income statement. These figures are particularly sensitive to assumptions for discount rates, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions are given in Note 32.

### ***Provisions***

Provisions recognised at the balance sheet date are detailed in Note 21 and include amounts for dilapidations and onerous property lease costs.

Although provisions and liabilities are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

### ***Impairment***

The Group is required to test whether assets in use in operations have suffered any impairment. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs to sell and value in use. The calculation of value in use requires the estimation of future cash flows expected to arise from the continuing operation of the cash generating unit and the selection of a suitable discount rate in order to calculate the present value. Given the degree of subjectivity involved, actual outcomes could vary significantly from these estimates.



### 3 OPERATING (LOSS)/PROFIT

	Note	2018 £000	2017 £000
Advertising revenue		42,455	51,300
Circulation revenue		23,068	24,594
Digital revenue		9,324	8,236
Other revenues		12,428	12,463
<b>Revenue from continuing operations</b>		<b>87,275</b>	<b>96,593</b>
<b>Underlying operating costs</b>			
Raw materials and consumables		7,026	7,885
Staff costs	5	39,496	43,243
Depreciation of property, plant and equipment	13	1,937	2,121
Loss on disposal of property, plant and equipment		-	21
Other operating expenses		36,100	39,271
<b>Underlying operating costs</b>		<b>84,559</b>	<b>92,540</b>
<b>Underlying operating profit</b>		<b>2,716</b>	<b>4,052</b>
<b>Items not included in underlying operating profit</b>			
Amortisation of intangible assets	4	1,920	2,272
Impairment of intangible assets and investments	4	2,887	2,139
Fair value adjustments against unlisted investments	4	204	(101)
Past service cost for Guaranteed Minimum Pensions equalisation	4	3,025	-
Pension loss on settlements	4	99	-
Restructuring and other exceptional costs	4	1,194	2,239
Profits on disposals of freehold property, subsidiary undertakings and unlisted investments	4	19	(3,999)
<b>Items not included in underlying operating profit</b>		<b>9,348</b>	<b>2,550</b>
<b>Operating (loss)/profit</b>		<b>(6,632)</b>	<b>1,502</b>

#### PROFIT/(LOSS) BEFORE TAXATION

The following items have been included in arriving at profit/(loss) before taxation.

	Note	2018 £000	2017 £000
<b>Cost of inventories recognised as an expense</b>		<b>7,026</b>	<b>7,885</b>
<b>Trade receivables impairment</b>	17	<b>108</b>	<b>191</b>
<b>Operating lease rentals payable</b>			
• property		980	1,246
• plant and equipment		1,223	1,267
<b>Sub-lease income</b>			
• property		47	47
<b>Auditor's remuneration:</b>			
• Audit – parent company and consolidation		40	39
• Audit – subsidiaries		60	60
• Tax compliance		13	23
<b>Net foreign exchange differences</b>		<b>30</b>	<b>(24)</b>

## 4 ITEMS NOT INCLUDED IN UNDERLYING OPERATING PROFIT

	Notes	2018 £000	2017 £000
Past service cost for Guaranteed Minimum Pensions equalisation	32	(3,025)	-
Pension loss on settlements	32	(99)	-
Amortisation of intangible assets	12	(1,920)	(2,272)
Impairment of intangible assets	12	(2,887)	(2,139)
Fair value adjustments against unlisted investments	14	(204)	101
Restructuring costs		(690)	(2,125)
Property portfolio rationalisation		(213)	(91)
Pension bulk transfer exercise		(254)	-
Legal and professional fees on legal restructuring		(44)	-
Professional fees in relation to historic corporation tax liabilities		-	(23)
Loss on disposal of investments/subsidiary undertaking		(38)	(39)
Profit on disposal of freehold property		26	4,038
<b>Recognised in operating profit</b>		<b>(9,348)</b>	<b>(2,550)</b>
Interest on historic corporation tax liabilities	8	(37)	(716)
<b>Total</b>		<b>(9,385)</b>	<b>(3,266)</b>

### PAST SERVICE COST FOR GUARANTEED MINIMUM PENSIONS EQUALISATION

In October 2018, the High Court made a landmark judgement confirming that pension schemes are required to equalise male and female members' benefits for the effect of guaranteed minimum pensions (GMP). The estimated impact of GMP equalisation has resulted in an increase of £3,025,000 to the Scheme's liabilities.

### RESTRUCTURING COSTS

The restructuring costs arise from redundancies and related relocation and other costs resulting from a number of initiatives to improve the productivity of the operating divisions.

### PROPERTY PORTFOLIO RATIONALISATION

The Group continues to reduce its property portfolio, and has undertaken a planning brief on the future use of Prospect House. The Group has incurred costs in relation to the planning brief, the exits from a number of properties, and further costs in sourcing and acquiring replacement accommodation.

### PENSION BULK TRANSFER EXERCISE

In January 2018, Archant made a transfer offer to all deferred members of the Final Salary section of the Pension Scheme, except those members who had previously opted out of receiving the offer. Members over the age of 55 at 1 April 2018 were also provided with an estimate of their early retirement benefit. To help members make an informed choice, the Group appointed and paid for an Independent Financial Advisor.

### LEGAL AND PROFESSIONAL FEES ON LEGAL RESTRUCTURING

Following settlement of the historic corporation tax liabilities, the Group has commenced a process to simplify the corporate structure.

All non-recurring items recognised in the Consolidated income statement arise from the continuing operations of the Group.

## 5 STAFF COSTS

Average monthly number of staff	2018	2017
Publishing, printing and media activities	1,277	1,424
Group head office	14	16
	1,291	1,440
<b>Full time equivalents</b>	<b>1,120</b>	<b>1,262</b>

	Notes	2018 £000	2017 £000
<b>Pay and benefits</b>			
Wages and salaries		32,764	35,947
Social security costs		3,382	3,804
Other pension costs		3,373	3,648
Share-based payments	6	(23)	(156)
		39,496	43,243
Exceptional: past service cost for Guaranteed Minimum Pensions equalisation	32	3,025	-
Exceptional pension loss on settlements	32	99	-
		42,620	43,243
Costs included in other pension costs in respect of defined contribution scheme		2,548	2,582

### KEY MANAGEMENT COMPENSATION

included above are the following amounts in respect of key management compensation:

		2018	2017
<b>Average monthly number of staff</b>		<b>13</b>	<b>12</b>
<b>Pay and benefits</b>	Note	<b>£000</b>	<b>£000</b>
Wages and salaries		1,588	1,517
Performance related bonuses		250	254
Other benefits		80	87
Compensation for loss of office		106	104
Social security costs		254	296
Other pension costs		102	107
Share-based payments	6	(23)	(156)
		2,357	2,209

## 5 STAFF COSTS continued

### DIRECTORS' REMUNERATION

	2018 £000	2017 £000
Aggregate remuneration in respect of qualifying services	1,017	955
Company contributions to defined contribution pension schemes	-	-
	1,017	955

### IN RESPECT OF THE HIGHEST PAID DIRECTOR

	2018 £000	2017 £000
Aggregate remuneration (including annual bonus)	430	499
Accrued element of long term bonus plans	91	-
	521	499

	2018 Number	2017 Number
Number of directors who received shares in respect of qualifying services	Nil	Nil
Number of options granted to directors under the 2011 LTIP		
Total number of options granted to directors at 1 January	345,000	295,000
Options granted in the year	195,000	50,000
Lapsed during the year	(163,334)	-
Total number of options granted to directors at 31 December	376,666	345,000
Number of directors who exercised share options	Nil	Nil
Number of directors accruing benefits under defined benefit pension schemes	Nil	Nil

## 6 SHARE-BASED PAYMENTS

The Group operates a Long-Term Incentive Plan, a Joint Share Ownership Plan and a Share Incentive Plan all of which may result in eligible employees of the Group receiving part of their remuneration in the form of shares in the Company (equity-settled transactions).

The credit recognised in wages and salaries for share-based payments in respect of employee services received during the year ended 31 December 2018 is £23,000 (2017: credit £156,000).

### 2011 LONG-TERM INCENTIVE PLAN (2011 LTIP)

The 2011 LTIP was approved by shareholders at the AGM on 13 April 2011.

In each of 2015, 2016, 2017 and 2018, certain employees were granted Approved Options and Unapproved Options over shares in Archant Limited, the final vesting of which is subject to continued employment within the Group and satisfaction of the performance conditions.

The proportion that vests will be determined by the growth in the Group's operating profit calculated on a like-for-like basis before exceptional items, measured against targets set at the beginning of the plan cycle.

The Approved Options and Unapproved Options can be exercised between the third and tenth anniversary of grant. The Remuneration Committee may award a participant a conditional discretionary Bonus Award, payable in cash, whose maximum gross amount is equivalent to the value of the Approved Share Options subject to the Bonus Award on the Grant Date.

### Share options issued under the 2011 LTIP

	Approved share options		Unapproved share options	
	Number of shares	Weighted average exercise price £	Number of shares	Weighted average exercise price £
At 31 December 2017	207,272	1.01	427,723	0.00
Options granted during the year	228,569		174,287	
Forfeited/cancelled during the year	(10,000)		(11,667)	
Lapsed during the year	(120,000)		(193,335)	
<b>At 31 December 2018</b>	<b>305,841</b>	<b>0.78</b>	<b>397,013</b>	<b>0.00</b>

### JOINT SHARE OWNERSHIP PLAN ("JSOP")

A JSOP was established on 25 September 2014 under which eligible employees may be offered the opportunity to acquire shares held jointly with the trustee of an employee benefit trust operated by the Company. The employee interest in each share is equal to any value above a hurdle set at the time of entering the JSOP agreement, the remaining value in each share at any time belongs to the trustee.

In October 2014 the Company entered into a JSOP agreement with one participant and EFG Trust Company Limited (the "Trustee") using 150,000 shares already held by the Trustee. All shares vested and were released in 2014. The hurdle was set at £1.20, and an additional award was made to the participant of up to £180,000 payable in cash, or at the discretion of the Company in shares, on the sale of the jointly-owned shares.

## 6 SHARE-BASED PAYMENTS continued

### SHARE INCENTIVE PLAN (SIP)

The SIP is an HMRC approved scheme. Eligible employees may be invited from time to time to purchase shares in the Company, and may be awarded further shares, either conditional on the purchase of shares and/or unconditionally. All SIP shares are held by the SIP Trustee on behalf of the participating employees.

No SIP awards have been granted since 2008.

## 7 FINANCE INCOME

	2018 £000	2017 £000
<b>Income from available-for-sale investments</b>		
Other dividends from listed and unlisted investments	-	-
<b>Interest received</b>	<b>11</b>	<b>3</b>
	<b>11</b>	<b>3</b>

## 8 FINANCE COSTS

	Notes	2018 £000	2017 £000
Interest payable on bank loans, overdrafts and facilities		<b>115</b>	128
Amortisation of loan issue costs		<b>43</b>	26
Interest on historic corporation tax liabilities	4	<b>37</b>	716
Finance costs on funding Newspaper Society pension deficit	21	<b>91</b>	
		<b>286</b>	870

## 9 INCOME TAX EXPENSE

### (a) Analysis of tax charge

	Notes	2018 £000	2017 £000
<b>Current tax:</b>			
UK corporation tax on loss for the year		96	-
Tax over/under provided in prior years		(172)	4,988
<b>Current tax on loss before tax</b>		<b>(76)</b>	4,988
<b>Deferred tax:</b>			
Origination and reversal of timing differences		(561)	(389)
Origination and reversal of timing differences relating to prior years		(11)	(489)
Origination and reversal of pension liability timing differences		(126)	268
Adjustments in respect of prior years		-	3,753
Adjustment arising from change in rate of corporation tax		-	16
<b>Total deferred tax</b>	22	<b>(698)</b>	(4,347)
<b>Total tax (credit)/charge</b>	9(b)	<b>(774)</b>	641

### Analysis of tax charged in the consolidated statement of comprehensive income

	2018 £000	2017 £000
<b>Deferred tax:</b>		
Tax on pension liability	811	1,171
Tax on pension liability arising on change in rate	-	50
Freehold property revaluations	(50)	(26)
Freehold property revaluations adjustments relating to prior years	-	508
<b>Total deferred tax</b>	<b>761</b>	1,703

## 9 INCOME TAX EXPENSE continued

### (b) Tax reconciliation

The tax assessed on the loss for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

	2018	2017
Note	£000	£000
<b>Loss from ordinary activities before tax</b>	<b>(7,606)</b>	<b>(3,341)</b>
Loss from ordinary activities multiplied by standard rate of corporation tax in the UK	<b>(1,445)</b>	<b>(641)</b>
Adjustments to current tax in respect of prior years	<b>(172)</b>	<b>4,988</b>
Adjustments to deferred tax in respect of prior years	<b>(11)</b>	<b>(3,753)</b>
Restatement of deferred tax balances for reduction in the corporation tax rate	-	<b>16</b>
Expenses not deductible for tax purposes	<b>133</b>	<b>62</b>
Non-taxable credits	-	<b>(47)</b>
Ineligible amortisation of goodwill and intangible assets	<b>80</b>	<b>46</b>
Ineligible impairment of intangible assets	-	<b>40</b>
Fair value adjustments of unlisted investments	-	<b>(19)</b>
Other permanent differences	<b>23</b>	<b>62</b>
Corporation tax losses not recognised	<b>569</b>	-
Impact of changes in the rate of corporation tax	<b>23</b>	-
Adjustment to accounting profits for capital gains	<b>26</b>	<b>(690)</b>
Total tax credit/charge	<b>(774)</b>	<b>641</b>

### (c) Factors that may affect future tax charges

The Finance Act 2016 enacted on 15 September 2016 reduced the rate from 1 April 2020 to 17%. Accordingly, deferred tax has been calculated at the tax rates that are expected to apply when the related asset is realised or liability is settled in these financial statements.

The above change to the rate of corporation tax will impact the amount of future cash tax payments to be made by the Group.

## 10 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, Archant Limited has not presented its own income statement or statement of comprehensive expense. The loss dealt with in the financial statements of the parent company was £7,630,000 (2017: loss £3,208,000).



## 11 LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share (EPS) is based on loss after tax and the weighted average number of shares in issue during the year.

Diluted loss per share is based on ordinary shares calculated in the table below:

	2018 '000	2017 '000
Weighted average number of ordinary shares in issue	14,421	14,421
Weighted average number of ordinary shares excluded from EPS calculation	(526)	(525)
Weighted average number of ordinary shares for EPS calculation	13,895	13,896
Dividend potential ordinary shares		
Options granted under the 2011 LTIP	703	635
	14,598	14,531

As in previous years, underlying earnings per share have also been disclosed as the directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance.

The underlying earnings per share has been calculated by using the profits/(losses) attributable to shareholders, adjusted as follows:

	2018 £000	2018 Pence per share	2017 £000	2017 Pence per share
Loss attributable to shareholders/loss per share	(6,832)	(49.2)	(975)	(7.0)
Restructuring and other exceptional costs	1,200	8.6	2,239	16.1
Past service cost for Guaranteed Minimum Pensions and bulk transfer settlement charge	3,124	22.5	-	-
Amortisation and impairment of intangible assets	4,807	34.6	4,411	31.8
Fair value adjustments of unlisted investments	204	1.5	(101)	(0.7)
Exceptional losses less profits on disposals of freehold property, subsidiary undertakings and unlisted investments	12	0.1	3,999	28.8
Exceptional interest charge on historic corporation tax liabilities	37	0.3	716	5.1
Tax impact of exceptional items	(1,684)	(12.1)	(364)	(2.6)
Capital gains tax provision on legal restructuring	30	0.2	-	-
Deferred tax adjustment arising on change in rate of corporation tax	-	-	16	0.1
Underlying earnings per share	898	6.5	1,943	14.0

## 12 INTANGIBLE ASSETS

	Goodwill £000	Newspaper titles £000	Magazine titles £000	Software £000	Total £000
<b>Cost:</b>					
At 31 December 2016	7,300	112,483	50,358	6,303	176,450
Acquisitions	-	-	-	424	424
Derecognition	-	-	-	(111)	(111)
At 31 December 2017	7,300	112,489	50,358	6,616	176,763
Acquisitions	-	-	-	99	99
Derecognition	-	-	-	(490)	(490)
<b>At 31 December 2018</b>	<b>7,300</b>	<b>112,489</b>	<b>50,358</b>	<b>6,225</b>	<b>176,372</b>
<b>Amortisation:</b>					
At 31 December 2016	6,408	107,111	43,194	6,113	162,826
Provided during the year	-	598	1,511	163	2,272
Impairment	-	1,223	916	-	2,139
Derecognition	-	-	-	(111)	(111)
At 31 December 2017	<b>6,408</b>	<b>108,932</b>	<b>45,621</b>	<b>6,165</b>	<b>167,126</b>
Provided during the year	-	445	1,266	209	1,920
Impairment	349	1,375	563	-	2,887
Derecognition	-	-	-	(489)	(489)
<b>At 31 December 2018</b>	<b>6,757</b>	<b>111,352</b>	<b>47,450</b>	<b>5,885</b>	<b>171,444</b>
Net book value					
<b>At 31 December 2018</b>	<b>543</b>	<b>1,137</b>	<b>2,908</b>	<b>340</b>	<b>4,928</b>
At 31 December 2017	892	3,557	4,737	451	9,637
At 31 December 2016	892	5,378	7,164	190	13,624

The Group's bank overdrafts and borrowings under the revolving credit facility are secured by a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery (Note 20)

All amortisation and impairment charges in the year have been charged through operating costs in the Consolidated income statement.

The carrying values of all intangible assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying values may not be recoverable.

## 12 INTANGIBLE ASSETS continued

### IMPAIRMENT OF INTANGIBLE FIXED ASSETS

In accordance with 'AS 36 'Impairment of Assets' the carrying values of newspaper titles, magazine titles and goodwill have been compared to their recoverable amounts, represented by their value in use to the Group.

Newspaper titles, magazine titles, goodwill and other intangible assets are allocated, at acquisition, to the Cash Generating Units (CGU's) that are expected to benefit from that business combination. The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the growth rates, expected changes to revenues and direct costs during the period, and the discount rates applied. These assumptions have been reviewed during the year in light of the current economic environment. The value in use calculation uses post-tax cash flow projections based on the financial budgets approved by the Board for 2019. The growth rates for cash flows beyond 2019 assume an annual RPI increase only and no underlying growth. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money, long-term expected debt/equity ratios and the risks specific to the CGU's. The cost of capital and therefore the discount rate applied to future cash flows was 8.49% (2017: 8.95%).

The Group prepares discounted cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates those cash flows to perpetuity based on an estimated annual RPI increase of 2.5%. The present value of the cash flows is then compared to the carrying value of the asset.

The sensitivity of the assumptions underlying the valuation methodology has been assessed for the following variables:

Sensitivity scenarios	Result
Growth rate of 1% after 5 years (rather than 2.5%)	Additional impairment required: £nil
Discount rate of 9.49% (rather than 8.49%)	Additional impairment required: £48k
Zero growth rate from 2020 onwards	Additional impairment required: £nil

## ARCHANT ANNUAL REPORT 2018

Notes to the consolidated financial statements for the year ended 31 December 2018

### 13 PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Leasehold buildings	Plant and machinery	Other equipment & vehicles	Assets in course of construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>						
At 31 December 2016	14,000	454	36,304	12,805	02	63,665
Additions	-	108	34	326	(52)	416
Disposals	-	(278)	-	(359)	-	(637)
At 31 December 2017	14,000	284	36,338	12,772	50	63,444
Additions	-	6	12	130	165	313
Disposals	(130)	(42)	(8)	(993)	-	(1,173)
<b>At 31 December 2018</b>	<b>13,870</b>	<b>248</b>	<b>36,342</b>	<b>11,909</b>	<b>215</b>	<b>62,584</b>
<b>Depreciation:</b>						
At 31 December 2016	21	304	32,016	10,996	-	43,337
Charge for year	259	35	1,171	656	-	2,121
Disposals	-	(277)	-	319	-	(596)
At 31 December 2017	280	62	33,187	11,333	-	44,862
Charge for year	257	30	1,164	486	-	1,937
Disposals	(5)	(34)	(8)	(986)	-	(1,033)
<b>At 31 December 2018</b>	<b>532</b>	<b>58</b>	<b>34,343</b>	<b>10,833</b>	<b>-</b>	<b>45,766</b>
<b>Net book value:</b>						
<b>At 31 December 2018</b>	<b>13,338</b>	<b>190</b>	<b>1,999</b>	<b>1,076</b>	<b>215</b>	<b>16,818</b>
At 31 December 2017	13,720	222	3,151	1,439	50	18,582
At 31 December 2016	13,979	150	4,288	1,809	102	20,328

The Group's bank overdrafts and borrowings under the revolving credit facility are secured by a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery (Note 20).

An independent valuation of the Group's freehold property was performed by valuers to determine the fair value of the freehold property as at 30 November 2016. The revaluation surplus, net of applicable deferred income taxes was credited to other comprehensive income and is shown in other reserves in shareholders' equity.

## 13 PROPERTY, PLANT AND EQUIPMENT continued

The cost or valuation of land and buildings at 31 December 2018 comprises:

	Freehold £000	Short Leasehold £000
At valuation	13,870	-
At cost	-	248
	13,870	248

The historical cost of freehold and leasehold land and buildings is as follows:

	Freehold		Leasehold	
	2018 £000	2017 £000	2018 £000	2017 £000
Cost	12,112	12,125	248	284
Aggregate depreciation	(5,682)	5,464	(58)	(62)
Net carrying amount	6,430	6,661	190	222

Depreciation for the year on the Group's freehold properties has been based on their revalued amounts. Based on cost the consolidated charge would have been lower by £28,000 (2017: £30,000).

## 14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Listed £000	Unlisted £000	Total £000
<b>Fair value</b>			
At 31 December 2016	9	3,922	3,931
Additions	-	3	3
Fair value adjustment through Income Statement	-	101	101
Fair value adjustment through Other comprehensive income	-	(791)	(791)
At 31 December 2017	9	3,235	3,244
Additions	-	200	200
Disposals	(3)	(316)	(319)
Fair value adjustment through Income Statement	-	(204)	(204)
Fair value adjustment through Other comprehensive income	(4)	1,222	1,218
<b>At 31 December 2018</b>	<b>2</b>	<b>4,137</b>	<b>4,139</b>

Listed investments are investments in listed equity securities that present the Group with opportunity for return through dividend income and trading gains. The unlisted investments are non-controlling interests and include a strategic holding of 3.5% in PA Group Limited (The Press Association).

The fair values of listed investments are based on quoted market prices. The fair values of unlisted investments are determined by the directors based on published financial information, including financial statements and equity transactions.

## 15 PRINCIPAL SUBSIDIARY UNDERTAKINGS

The consolidated financial statements include the following principal subsidiary undertakings, all of which are unlisted companies. Archant BHGC Limited is a company limited by guarantee given by Archant Holdings Limited. All other subsidiary undertakings are wholly owned and incorporated in England, with the exception of The British Connection, Inc., which is incorporated in the United States of America.

Those companies in which the equity is held by a subsidiary undertaking are marked with an asterisk.

Company	Company registration number	Activity
<b>Subsidiary undertakings</b>		
Archant BHGC Limited	7783475	Holding company
Archant Community Media Holdings Limited *	4243174	Holding company
Archant Community Media Limited *	19300	Media company
The British Connection, Inc. *	Not applicable	Magazine distribution
Archant Holdings Limited	4040110	Holding company

For all UK subsidiary undertakings listed above, other than Archant Community Media Limited, in accordance with section 479C of The Companies Act 2006 the Company has guaranteed all outstanding liabilities to which those subsidiary undertakings are subject at 31 December 2018 until they are satisfied in full. Accordingly, each of those UK subsidiaries is exempt under section 479A from the requirements of the Companies Act 2006 relating to the audit of accounts.

## 16 INVENTORIES

	<b>2018</b>	2017
	<b>£000</b>	£000
Newsprint, paper, inks and printing materials	<b>550</b>	605
Engineering and mechanical spares	<b>98</b>	172
Other	<b>15</b>	16
	<b>663</b>	793

The cost of inventories for newsprint, paper, inks and printing materials recognised as an expense by the Group in the year was £7,053,000 (2017: £7,937,000). The credit for inventories of engineering and mechanical spares recognised by the Group in the year was £32,000 (2017: credit £22,000). Provisions against inventories for engineering and mechanical spares of £59,000 (2017: £74,000) were charged in operating expenses.

## 17 TRADE AND OTHER RECEIVABLES

	<b>2018</b>	2017
	<b>£000</b>	£000
Trade receivables	<b>9,598</b>	9,873
Less provision for impairment of receivables	<b>(133)</b>	(138)
Trade receivables - net	<b>9,465</b>	9,735
Other receivables	<b>1,025</b>	946
Prepayments and accrued income	<b>1,826</b>	1,663
	<b>12,316</b>	12,344
Current	<b>12,250</b>	12,146
Non-current	<b>66</b>	198
Total	<b>12,316</b>	12,344

## 17 TRADE AND OTHER RECEIVABLES continued

As at 31 December 2018, trade receivables of £133,000 (2017: £138,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows.

	2018 £000	2017 £000
At start of year	(138)	(130)
Charged in the income statement	(108)	(191)
Utilised	113	183
At end of year	(133)	(138)

The movements in the provision for impaired receivables have been included in operating expenses in the Consolidated income statement.

As at 31 December 2018, trade receivables of £3,840,000 (2017: £3,710,000) were past due but not impaired. The ageing analysis of the past due amounts is as follows.

	2018 £000	2017 £000
Neither past due nor impaired	5,625	6,625
Past due but not impaired:		
Less than 30 days	2,717	2,613
From 30 to 60 days	701	692
From 61 to 90 days	294	313
More than 90 days	128	92
At end of year	9,465	9,735

## 18 CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash at banks and in hand	3,724	9,669
Cash and cash equivalents in Consolidated statement of financial position	3,724	9,669
Less bank loans and overdraft	(835)	(938)
Net cash and cash equivalents in Consolidated statement of cash flows	2,889	8,731



## 19 TRADE AND OTHER PAYABLES

	2018 £000	2017 £000
Trade payables	2,978	3,138
Other tax and social security	1,022	1,842
Other payables	1,788	1,238
Accruals and deferred income	4,169	4,729
Subscriptions in advance	1,817	1,773
	<b>11,774</b>	12,720
Current	<b>11,774</b>	12,720
Non-current	-	-
	<b>11,774</b>	12,720

## 20 BANK LOANS, OVERDRAFTS AND FACILITIES

The bank loans, overdrafts and facilities comprise:

	2018 £000	2017 £000
<b>Amounts falling due within one year</b>		
Employee Benefit Trust loan	900	-
Employee Benefit Trust overdraft	-	977
Less bank facility arrangement fees	(65)	391
	<b>835</b>	938

The Employee Benefit Trust ("the EBT") has a bank loan of £0.9m (2017 overdraft facility £1m) which is guaranteed by the Company and repayable on demand. The Group has a bank overdraft facility of £2m and any overdrafts under this facility are repayable on demand and secured by a fixed and floating charge over the undertaking, property, assets and rights of certain companies in the Group, together with cross guarantees from certain companies in the Group.

The Group has a term revolving advances facility expiring on 30 June 2022. The maximum amount available throughout the term of this facility is £10m. The undrawn committed facilities available at 31 December 2018, in respect of which all conditions precedent had been met at that date, were £12m (2017: £20m). Provided that the Group continues to comply with the conditions of the facility, the Group has the right to draw down sums up to the amount of the facility for periods ending on or before the expiry date.

Sums drawn down under the revolving advances facility are secured by a fixed and floating charge over the undertaking, property, assets and rights of certain companies in the Group, together with cross guarantees from certain companies in the Group.

## 21 PROVISIONS

The movements in provisions are as follows:

	Property provisions	Severance	Share-based payment	Newspaper Society pension scheme deficit	Total
	£000	£000	£000	£000	£000
At 31 December 2016	345	200	237	176	958
Arising during the year	258	-	(50)	-	208
Utilised	(102)	(200)	-	(52)	(354)
At 31 December 2017	501	-	187	124	812
Arising during the year	244	-	(3)	91	332
Utilised	(147)	-	-	(26)	(173)
<b>At 31 December 2018</b>	<b>698</b>	<b>-</b>	<b>184</b>	<b>189</b>	<b>1,071</b>

<b>Analysis of total provisions</b>	<b>2018</b>	2017
	<b>£000</b>	£000
Current	<b>161</b>	105
Non-current	<b>910</b>	707
<b>Total</b>	<b>1,071</b>	812

Property provisions are made in accordance with independent professional advice. For provisions for dilapidations, if the leases run to expiry, without earlier break clauses being exercised, or without the leases being renewed for a further term, these obligations will mostly be settled within five years, with the remaining liabilities due in various years up to 2036.

The provision for share-based payment comprises cash bonuses payable under the JSOP, including associated national insurance, plus national insurance on the cost of share options granted under the 2011 LTIP.

The Group committed to fund its share of the Newspaper Society Pension and Life Assurance Scheme deficit prior to the incorporation of the Society in April 2014.

## 22 DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates that are expected to apply when the related asset is realised or liability is settled.

Analysis of amounts provided	2018 £000	2017 £000
Non-current assets	9,239	9,818
Non-current liabilities	(2,130)	2,646
<b>Total</b>	<b>7,109</b>	<b>7,172</b>

The movements on the deferred tax account are as follows:

	Accelerated capital allowances	Pension temporary differences	Other timing differences	Losses and loan relationship deficits	Revaluation and fair value	Intangible assets	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2017	(1)	6,495	204	886	(1,589)	(1,467)	4,528
Credit/charge to:							
Consolidated income statement	4,330	(240)	(78)	(557)	403	489	4,347
Other comprehensive income	-	(1,221)	-	-	(482)	-	(1,703)
At 31 December 2017	4,329	5,034	126	329	(1,668)	(978)	7,172
Credit/charge to:							
Consolidated income statement	432	126	3	(329)	17	449	698
Other comprehensive income	-	(811)	-	-	50	-	(761)
<b>At 31 December 2018</b>	<b>4,761</b>	<b>4,349</b>	<b>129</b>	<b>-</b>	<b>(1,601)</b>	<b>(529)</b>	<b>7,109</b>

Deferred tax assets not recognised as they do not satisfy the recognition criteria for deferred tax assets under IAS 12

	2018 £000	2017 £000
Tax losses arising in the UK of approximately £3,700,000 (2017: £1,700,000) that may be available for offset against future taxable profits.	625	321

## 23 CALLED UP SHARE CAPITAL

Issued ordinary shares of 20p each:

	2018	2017
At 1 January	14,420,822	14,420,822
Shares issued	2,500	-
At 31 December	14,423,322	14,420,822

Issued and fully paid ordinary shares of 20p each:

	2018 £000	2017 £000
At 1 January	2,884	2,884
Shares issued	1	-
At 31 December	2,885	2,884

During 2018, 2,500 ordinary shares having a nominal value of £500 were issued with an aggregate consideration of £1,750

## 24 SHARE PREMIUM

	2018 £000	2017 £000
At 1 January	2,675	2,675
Shares issued	1	-
At 31 December	2,676	2,675

## 25 OTHER RESERVES

	Capital reserve	Revaluation of land and buildings	Available for sale investments	Share- based payments	Own shares held	Translation	Total
	£000	£000	£000	£000	£000	£000	£000
At 31 December 2016	5,369	6,833	3,708	236	(5,084)	104	10,958
<b>Other comprehensive income</b>							
Purchase of own shares held by employee trusts	-	-	-	-	8	-	8
Sale of own shares held by employee trusts	-	-	-	-	14	-	14
Debit to equity for share-based payment	-	-	-	(119)	-	-	(119)
Realised on disposal of freehold property	-	(1,193)	-	-	-	-	(1,193)
Depreciation transfer for freehold property	-	121	-	-	-	-	(121)
Fair value of listed and unlisted investments	-	-	(791)	-	-	-	(791)
Exchange differences on translation of foreign operations	-	-	-	-	-	29	29
At 31 December 2017	5,369	5,519	2,917	117	(5,078)	(75)	8,769
<b>Other comprehensive income</b>							
Purchase of own shares held by employee trusts	-	-	-	-	(1)	-	(1)
Debit to equity for share-based payment	-	-	-	(21)	-	-	21
Revaluation of freehold property	-	51	-	-	-	-	51
Realised on disposal of freehold property	-	(121)	-	-	-	-	(121)
Depreciation transfer for freehold property	-	(121)	-	-	-	-	(121)
Fair value of listed and unlisted investments	-	-	1,218	-	-	-	1,218
Disposal of unlisted investments	-	-	(83)	-	-	-	(83)
Exchange differences on translation of foreign operations	-	-	-	-	-	(6)	(6)
<b>At 31 December 2018</b>	<b>5,369</b>	<b>5,328</b>	<b>4,052</b>	<b>96</b>	<b>(5,079)</b>	<b>(81)</b>	<b>9,685</b>

## 25 OTHER RESERVES continued

The capital reserve comprises the balance of the share premium account in the former holding company on 1 March 2002.

Own shares held comprise shares held by the JSOP and the trustees of the EBT, the LTIP Trust and the SIP Trust other than shares being held as a bare trustee. Own shares held comprised 676,964 shares with a nominal value of 20p each, acquired at an average cost of £7.50 each (2017: 675,146 shares at £7.52). Purchases of shares in the Company by the EBT have been funded by a bank overdraft guaranteed by the Company and purchases by the LTIP and SIP have been funded by cash contributions from the Company and its subsidiaries. The trusts provide sources of shares for use in connection with share schemes.

All expenses incurred by the trusts are settled directly by the Company, and charged in the financial statements as incurred.

## 26 RETAINED EARNINGS

	2018	2017
	£000	£000
At 1 January	(1,606)	(7,133)
Other comprehensive income for the year	(3,247)	4,213
Realised revaluation surplus on disposal of freehold property	121	1,193
Depreciation transfer on freehold property	121	121
<b>At 31 December</b>	<b>(4,611)</b>	<b>1,606</b>

The cumulative amount of goodwill written off to retained earnings at 31 December 2018 in the consolidated financial statements is £8,032,000 (2017: £8,032,000).

## 27 FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to shareholders.

The Group's principal financial assets include trade and other receivables and cash and short-term deposits. The Group's principal financial liabilities comprise trade and other payables and bank borrowings.

The Board retains responsibility for the agreement of the terms of any new or renewed borrowing facilities. Surplus funds and borrowings are managed centrally, and the Group's treasury objectives are to minimise borrowing costs and maximise returns on funds, subject to short-term liquidity requirements.

### Financial risk factors

The Group's principal financial risks are liquidity risk and interest rate risk. The Group has limited exposure to foreign exchange risk, credit risk and commodity price risk. The Group's senior management oversees the management of these risks within an overall risk strategy which seeks to minimise potential adverse effects on the Group's performance.

### Liquidity risk

Liquidity risk results from having insufficient financial resources to meet day-to-day fluctuations in working capital and cash flow. Ultimate responsibility for liquidity risk management rests with the Board. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash and available borrowing facilities to meet operational needs. The Group may invest surplus cash in money market deposits. At 31 December 2018, the Group had undrawn term facilities and overdrafts of £12m and the Group considers that it should be able to operate within the level of its current facilities.

### Interest rate risk

Utilised long-term borrowings issued at variable rates expose the Group to interest rate risk which is partially offset by cash held at variable rates.

The Group manages its interest cost using a mix of fixed and variable rate debts. The Group's Revolving Credit Facility, overdraft facility and EBT loan all carry interest at fixed margins over bank base rate or LIBOR. Undrawn commitments under the Revolving Credit Facility carry fixed rates of interest.

The Group's bank borrowing facilities contain financial covenants based on cash flow cover, interest cover and the ratio of debt to adjusted earnings before interest, tax, depreciation and amortisation. Throughout the year the Group maintained adequate headroom against these covenants and is expected to do so into the foreseeable future.

### Foreign exchange risk

The Group has a subsidiary undertaking in the United States of America, which is limited in scale and largely self-financing. Therefore the Group has no foreign currency borrowings to hedge the foreign currency investment. The Group has limited exposure to foreign exchange risks with respect to transactions in US dollars and the Euro. Due to the low exposure to currency risk, the Group does not use forward exchange contracts.

## 27 FINANCIAL AND CAPITAL RISK MANAGEMENT continued

### Credit risk

The Group has no significant exposure to customer credit risk, due to transactions being principally of a high volume, low value and short maturity. The Group has implemented policies that require, where appropriate, credit checks on potential customers before sales commence.

Cash at bank, including short-term bank deposits also give rise to credit risk on the amounts due from counterparties. These risks are managed by restricting such transactions to approved counterparties and designating appropriate limits for each counterparty. The Group considers that its maximum exposure to credit risk is as follows:

	Notes	<b>2018</b> <b>£000</b>	2017 £000
Trade and other receivables	17	<b>12,316</b>	12,344
Cash and cash equivalents	18	<b>3,724</b>	9,669
		<b>16,040</b>	22,013

### Commodity price risk

The Group is affected by the price volatility of newsprint and paper which are required in its operating activities. The Group has an agreement to source most of its newsprint from a single major supplier and negotiates prices for newsprint at least six months in advance.



## 28 CASH FLOWS FROM OPERATING ACTIVITIES

		2018 £000	2017 £000
	Note		
<b>Loss before taxation</b>		<b>(7,606)</b>	<b>(3,341)</b>
Finance costs	8	<b>286</b>	870
Finance income	7	<b>(11)</b>	31
Finance expense on Scheme liability	32	<b>699</b>	969
<b>Operating (loss)/profit</b>		<b>(6,632)</b>	<b>1,502</b>
Depreciation of property, plant and equipment	13	<b>1,937</b>	2,121
Amortisation of intangible fixed assets	12	<b>1,920</b>	2,272
Impairment of intangible fixed assets	12	<b>2,887</b>	2,139
Fair value/gain/(loss) on available for sale financial assets debited/credited to income statement		<b>204</b>	(101)
Loss/(profit) on disposal of property, plant and equipment subsidiary undertakings and unlisted investments		<b>19</b>	(3,977)
Share-based payment		<b>(23)</b>	(156)
Decrease in inventories		<b>130</b>	55
Decrease in trade and other receivables		<b>29</b>	2,735
Decrease in trade and other payables		<b>(615)</b>	3,275
Movements in provisions		<b>171</b>	(109)
Exchange differences on translation of foreign operations		<b>(6)</b>	29
Pension costs charged against operating profit	32	<b>3,498</b>	683
Cash contributions to pension scheme	32	<b>(3,537)</b>	(3,063)
<b>Cash flow from operating activities</b>		<b>(18)</b>	<b>855</b>

## 29 CAPITAL COMMITMENTS

	2018 £000	2017 £000
Contracts entered into, but not provided for, for property plant and equipment amounted to	<b>25</b>	-

## 30 COMMITMENTS UNDER OPERATING LEASES

The Group leases various properties and equipment under non-cancellable operating lease agreements. The total future minimum rentals payable under non-cancellable operating leases are as follows

	Land and buildings		Plant, equipment and vehicles	
	2018 £000	2017 £000	2018 £000	2017 £000
Operating leases which expire				
No later than one year	647	773	795	965
Later than one year and no later than five years	1,467	1,800	602	975
Later than five years	934	1,120	-	-
	3,048	3,693	1,397	1,940

The Group has sub-let two operating leases (2017: two) and the future aggregate minimum sub-lease amounts expected to be received amount to £36,000 (2017: £44,000).

## 31 RELATED PARTY TRANSACTIONS

Transactions between the Company and wholly-owned subsidiary companies, or between wholly-owned subsidiary companies, have been eliminated on consolidation and are not disclosed in this Note.

Transactions with the Archant Pension and Life Assurance Scheme and the Archant Pension Plan are disclosed in Note 32.

Key management compensation is disclosed in Note 5.

The Group held a 16.67% equity holding in WiSpire Limited ('WiSpire'), a provider of high-speed broadband to rural communities in Norfolk, at fair value at 31 December 2017. This equity holding was sold during 2018 at its recorded fair value.

## 32 PENSION LIABILITY

### DEFINED CONTRIBUTION PROVISION

The Group operates a defined contribution pension scheme, the Archant Pension Plan (the "APP"), which is open to eligible employees.

The Group cost of defined contribution pensions is disclosed in Note 5.

### DEFINED BENEFIT PROVISION

The Group provided defined benefit pensions through the Archant Pension and Life Assurance Scheme ("the Scheme"). The Scheme was closed to new entrants in February 1998 and to future accrual on 31 May 2016.

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees.

Contribution rates to the Scheme are calculated as a percentage of pensionable earnings determined on the basis of the most recent actuarial valuation and with the advice of independent actuaries, using the projected unit method.

### INSURANCE CONTRACT

In December 2015, the Trustee Company (with support from the Company) agreed to purchase an insurance contract which took the form of a medically underwritten bulk annuity policy covering a predefined group of pensioner members, selected as those with annual pension amounts over a pre-agreed limit.

This investment decision was taken by the Trustee Company with a view to reducing the inflation, interest rate and mortality risks within the Scheme.

### BUY-IN CONTRACT

In December 2018, the Trustee (with support from the Company) agreed to purchase a buy-in contract with Just Retirement Limited covering approximately one-third of the previously uninsured pensioner members of the Scheme.

This investment decision was taken by the Trustee Company, following appropriate advice, with a view to reducing the inflation, interest rate and mortality risks within the Scheme.

The purchase of the buy-in policy for £25.2m took place in December 2018, and was funded from the Baring Diversified Growth Fund and the J P Morgan Diversified Credit Fund.

Individual pensioner's pensions are not affected by this investment and the buy-in policy is treated as an asset of the Scheme.

### OTHER PENSION PROVISION

The Group also pays ex gratia pensions on an unfunded basis to certain former employees and their dependents and, accordingly, provides for this liability, calculated in accordance with actuarial advice, in the financial statements.

### PENSION DISCLOSURE UNDER IAS 19

The following information for the Scheme is measured in accordance with IAS 19, based on the most recent actuarial valuation at 1 January 2017 ("the Valuation"), and has been updated to 31 December 2018 by an independent actuary.

## 32 PENSION LIABILITY continued

The assets and liabilities of the Scheme at 31 December are:

	2018 £000	2017 £000
Equity instruments	23,662	48,613
Debt instruments	33,876	42,780
Investment funds	45,501	37,529
Assets held by insurance company	39,612	17,398
Bank and cash balances	12,208	3,129
<b>Fair value of the Scheme assets</b>	<b>154,859</b>	<b>169,449</b>
Present value of funded obligations	179,986	198,280
Present value of unfunded obligations	161	194
<b>Total Scheme obligations</b>	<b>180,147</b>	<b>198,474</b>
<b>Scheme deficit</b>	<b>25,288</b>	<b>29,025</b>

The unfunded obligations are in respect of the ex gratia pensions paid by the Group. The present value of these obligations has been calculated in accordance with IAS 19 by an independent actuary.

Analysis of the movement in the balance sheet liability:

	2018 £000	2017 £000
Deficit in the Scheme at beginning of year	(29,025)	(37,327)
Total recognised in the Consolidated income statement	(4,197)	(1,652)
Employer contributions	3,537	3,063
Total gains recognised in equity	4,397	6,891
<b>Deficit in the Scheme at end of year</b>	<b>(25,288)</b>	<b>(29,025)</b>

The amounts recognised in the Consolidated income statement are as follows:

	2018 £000	2017 £000
Current service cost	-	264
Administrative expenses	374	419
Past service cost for Guaranteed Minimum Pensions equalisation	3,025	-
Loss on settlements	99	-
Operating expenses	3,498	683
Interest on funded obligations	4,403	4,858
Interest on unfunded obligations	9	16
Interest income on the Scheme assets	(3,713)	(3,905)
Finance expense on the Scheme liability	699	969
Total recognised in the Consolidated income statement	4,197	1,652
Actual return on the Scheme assets	(3,210)	(0,261)

## 32 PENSION LIABILITY continued

Changes in the present value of the Scheme obligations are as follows:

	2018 £000	2017 £000
Opening Scheme obligations – funded obligations	198,280	200,810
Opening Scheme obligations – unfunded obligations	194	340
Total opening Scheme obligations	198,474	210,150
Current service cost	-	264
Past service cost for Guaranteed Minimum Pensions equalisation	3,025	-
Loss on settlements	99	-
Interest expense – funded obligations	4,403	4,858
Interest expense – unfunded obligations	9	16
Benefit payments from plan assets	(9,125)	(6,836)
Settlement payments from plan assets	(4,364)	-
Insurance premiums for risk benefits	-	(264)
Remeasurements		
Effect of changes in demographic assumptions	(3,220)	4,559
Effect of changes in financial assumptions	(8,757)	3,724
Effect of experience adjustments	669	(8,624)
Effect of changes in fund values	(1,024)	789
Ex gratia benefit payments	(30)	(37)
Ex gratia remeasurements	(12)	(125)
Closing Scheme obligations	180,147	198,474
Closing Scheme obligations		
Funded obligations	179,986	198,280
Unfunded obligations	161	194
	180,147	198,474

The funded obligations by participant status comprise:

	2018 £000	2017 £000
Deferred members	78,286	94,863
Pensioners	101,700	103,417
	179,986	198,280

## 32 PENSION LIABILITY continued

The benefits payable by the Scheme are expected to increase steadily over the next 20 years as active and deferred members reach retirement. After that the benefits payable should drop off markedly as mortality rates increase.

The expected benefits payments in the next ten years are:

	£000
In the years 2019 to 2023	35,942
In the years 2024 to 2028	38,446
	74,388

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

	2018 £000	2017 £000
Opening fair value of the Scheme assets	169,449	172,823
Interest income on the Scheme assets	3,713	3,905
Contributions by employer	3,537	3,063
Benefit payments from plan assets	(9,125)	(16,836)
Settlement payments from plan assets	(4,364)	-
Ex gratia benefit payments	(30)	(37)
Administrative expenses paid from plan assets	(374)	(419)
Insurance premiums for risk benefits	-	(264)
Effect of changes in fund values	(1,024)	789
Remeasurement - return on plan assets excluding interest income	(6,923)	6,425
Closing fair value of the Scheme assets	154,859	169,449

## 32 PENSION LIABILITY continued

### Assumptions

The major assumptions used by the actuary in updating the Valuation for IAS 19 were:

	2018 %	2017 %
Rate of increase in salaries	0.00	0.00
Rate of increase in deferred pensions	2.14	2.10
Rate of statutory increase to relevant pension elements	2.98	2.92
Discount rate	2.88	2.53
Inflation	3.14	3.10

The current assumed life expectations on retirement at age 65 are:

	2018 Male	2018 Female	2017 Male	2017 Female
Retiring today Member	21.9	24.0	22.5	24.5
Retiring in 25 years Member	23.2	25.2	24.2	26.2

### Sensitivity analysis of the principal assumptions used to measure the Scheme liabilities

The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below.

Assumption	Change in assumption	Impact on Scheme liabilities
Discount rate	Increase by 0.25%	Decrease by 3.0%
Rate of inflation	Increase by 0.25%	Increase by 1.8%
Life expectancy	Increase by 1 year	Increase by 3.0%

Following the Valuation, the Group has agreed with the Trustee Directors to return the on-going funding level of the Scheme to 100% of the projected past service liabilities within a period of eleven years and five months from the date of the Valuation and to maintain funding at least at this level once the funding level of the Scheme is 100% of the projected past service liabilities. The Group expects to contribute approximately £3,500,000 to the Scheme in 2019.





# **COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**



**COMPANY STATEMENT OF FINANCIAL POSITION for the year ended 31 December 2018**

	Notes	2018 £000	2017 £000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	C4	-	-
Other financial assets	C5	161,977	169,777
Deferred taxation	C11	-	2
Amounts owed by subsidiary undertakings	C6	88,536	88,375
		<b>250,513</b>	258,154
<b>CURRENT ASSETS</b>			
Trade and other receivables	C6	50	47
Current tax recoverable		597	966
Cash and cash equivalents	C7	8	460
		<b>655</b>	1,473
<b>TOTAL ASSETS</b>		<b>251,168</b>	259,627
<b>CURRENT LIABILITIES</b>			
Borrowings and overdrafts	C8	835	938
Deferred taxation	C11	2	-
Trade and other payables	C9	248	347
		<b>1,085</b>	1,285
<b>NON-CURRENT LIABILITIES</b>			
Provisions	C10	181	182
Amounts owed to group undertakings	C12	216,029	217,855
		<b>216,210</b>	218,037
<b>TOTAL LIABILITIES</b>		<b>217,295</b>	219,322
<b>NET ASSETS</b>		<b>33,873</b>	40,305
<b>EQUITY</b>			
Called up share capital	C13	2,885	2,884
Share premium account	C14	2,676	2,675
Other reserves	C15	(931)	(2,127)
Retained earnings	C16	29,243	36,873
<b>TOTAL EQUITY</b>		<b>33,873</b>	40,305

**S Bax**  
Chairman

**BG McCarthy**  
Finance Director

28 February 2019

# ARCHANT ANNUAL REPORT 2018

Company financial statements

## COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2018

	Share capital	Share premium	Own shares held	Available for sale investments	Share-based payments	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2017	2,884	2,675	(5,084)	3441	236	40,081	44,233
Loss for the year	-	-	-	-	-	(3,208)	(3,208)
Fair value of listed and unlisted investments	-	-	-	(607)	-	-	(607)
Debit to equity for share-based payments	-	-	-	-	(119)	-	(119)
Purchase of own shares held by employee trusts	-	-	(8)	-	-	-	(8)
Sale of own shares held by employee trusts	-	-	14	-	-	-	14
At 31 December 2017	2,884	2,675	(5,078)	2,834	117	36,873	40,305
Loss for the year	-	-	-	-	-	(7,630)	(7,630)
Fair value of listed and unlisted investments	-	-	-	1,218	-	-	1,218
Debit to equity for share-based payments	-	-	-	-	21	-	(21)
Purchase of own shares held by employee trusts	-	-	(1)	-	-	-	(1)
Issue of share capital	1	1	-	-	-	-	2
<b>At 31 December 2018</b>	<b>2,885</b>	<b>2,676</b>	<b>(5,079)</b>	<b>4,052</b>	<b>96</b>	<b>29,243</b>	<b>33,873</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 December 2018

### C1 ACCOUNTING POLICIES

The Company's accounting policies are the same as those set out in Note 1 of the Group financial statements, except as noted below

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. The Company grants share-based payments to the employees of subsidiary companies. Each period the fair value of the employee services received by the subsidiary as a capital contribution from the Company is reflected as an addition to investments in subsidiaries.

Loans to other Group undertakings and all other receivables are initially recorded at fair value, which is generally the proceeds advanced. They are then subsequently carried at amortised cost. The loans are interest bearing and repayable on demand, subject to being given three calendar months' notice.

Loans from other Group undertakings and all other payables are initially recorded at fair value, which is generally the proceeds received. They are then subsequently carried at amortised cost. The loans are interest bearing and repayable on demand, subject to being given three calendar months' notice.

The Company's financial risk is managed as part of the Group's strategy and policies as discussed in Note 27 of the Group financial statements.

In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own income statement.

### C2 EMPLOYEES

Average monthly number of staff	2018	2017
Company	14	16
Full time equivalents	13	15

The average monthly number of staff shown above includes five (2017: five) non-executive directors of the Company.

### C3 AUDITOR'S REMUNERATION

Amounts paid by the Company in respect of services provided by the Group's auditor are as follows:

	2018 £000	2017 £000
<b>Auditor's remuneration</b>		
Audit	36	39
Tax compliance	13	23

# ARCHANT ANNUAL REPORT 2018

Company financial statements

## NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 December 2018

### C4 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £000	Total £000
Cost:		
<b>At 31 December 2016, 2017 and 2018</b>	12	12
Depreciation		
<b>At 31 December 2016, 2017 and 2018</b>	12	12
Net book value		
<b>At 31 December 2016, 2017 and 2018</b>	-	-

### C5 OTHER FINANCIAL ASSETS

	Subsidiary undertakings £000	Listed £000	Unlisted £000	Total £000
Fair value/cost at 31 December 2016	177,392	9	3,523	180,924
Share-based payment	(39)	-	-	(39)
Fair value adjustment	-	-	(607)	(607)
Fair value/cost at 31 December 2017	177,353	9	2,916	180,278
Share-based payment	(15)	-	-	(15)
Disposal of shares	-	(3)	-	(3)
Capital reduction	(9,000)	-	-	(9,000)
Fair value adjustment	-	(4)	1,222	1,218
<b>Fair value/cost at 31 December 2018</b>	<b>168,338</b>	<b>2</b>	<b>4,138</b>	<b>172,478</b>
Provisions				
<b>At 31 December 2016, 2017 and 2018</b>	<b>10,501</b>	<b>-</b>	<b>-</b>	<b>10,501</b>
Net book value:				
<b>At 31 December 2018</b>	<b>157,837</b>	<b>2</b>	<b>4,138</b>	<b>161,977</b>
At 31 December 2017	166,852	9	2,916	169,777
At 31 December 2016	166,891	9	3,523	170,423

**NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 December 2018**

**C6 TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	2017
	<b>£000</b>	£000
Current		
Prepayments and accrued income	<b>50</b>	47
Non-current		
Amounts owed by subsidiary undertakings	<b>88,536</b>	88,375

**C7 CASH AND CASH EQUIVALENTS**

	<b>2018</b>	2017
	<b>£000</b>	£000
Cash at bank and in hand	<b>8</b>	460

**C8 BANK LOANS, OVERDRAFTS AND FACILITIES**

The bank loans, overdrafts and facilities comprise:

	<b>2018</b>	2017
	<b>£000</b>	£000
Current		
EBT loan/overdraft	<b>900</b>	977
Less bank facility arrangement fees	<b>(65)</b>	(39)
	<b>835</b>	938

The Employee Benefit Trust ("the EBT") has a bank loan of £0.9m (2017 overdraft facility £1m) which is guaranteed by the Company and repayable on demand. The Group has a bank overdraft facility of £2m and any overdrafts under this facility are repayable on demand and secured by a fixed and floating charge over the undertaking, property, assets and rights of certain companies in the Group, together with cross guarantees from certain companies in the Group.

The Group has a term revolving advances facility expiring on 30 June 2022. The maximum amount throughout the term of this facility is £10m. The undrawn committed facilities available at 31 December 2018, in respect of which all conditions precedent had been met at that date, were £12m (2017: £20m). Provided that the Group continues to comply with the conditions of the facility, the Group has the right to draw down sums up to the amount of the facility for periods ending on or before the expiry date.

Sums drawn down under the revolving advances facility are secured by a fixed and floating charge over the undertaking, property, assets and rights of certain companies in the Group, together with cross guarantees from certain companies in the Group.

# ARCHANT ANNUAL REPORT 2018

Company financial statements

## NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 December 2018

### C9 TRADE AND OTHER PAYABLES

	2018	2017
	£000	£000
Accruals and deferred income	248	347

### C10 PROVISIONS

The movements in provisions are as follows:

	National insurance on share options £000	Share-based payment £000	Total £000
At 31 December 2016	22	205	227
Arising during the year	(11)	(34)	(45)
At 31 December 2017	11	171	182
Arising during the year	(1)	-	(1)
<b>At 31 December 2018</b>	<b>10</b>	<b>171</b>	<b>181</b>

	2018	2017
	£000	£000
Analysis of total provisions		
Non-current	181	182

The provision for share-based payment comprises cash bonuses payable under the JSOP, including associated national insurance, plus national insurance on the cost of share options granted under the 2011 LTIP.

### C11 DEFERRED TAX

The movements on the deferred tax account are as follows:

	Accelerated capital allowances £000	Other timing differences £000	Available for sale investments £000	Total £000
At 31 December 2016	1	74	(52)	23
Debited to the income statement	-	(21)	-	(21)
At 31 December 2017	1	53	(52)	2
Debited to the income statement	-	(4)	-	(4)
<b>At 31 December 2018</b>	<b>1</b>	<b>49</b>	<b>(52)</b>	<b>(2)</b>



**NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 December 2018**

**C12 NON-CURRENT LIABILITIES**

	<b>2018</b>	2017
	<b>£000</b>	£000
Amounts owed to group undertakings	<b>216,029</b>	217,855

All liabilities falling due in more than one year mature between two and five years.

**C13 CALLED UP SHARE CAPITAL**

Issued ordinary shares of 20p each:

	<b>2018</b>	2017
	<b>£000</b>	£000
At 1 January	<b>14,420,822</b>	14,420,822
Shares issued	<b>2,500</b>	-
At 31 December	<b>14,423,322</b>	14,420,822

Issued and fully paid ordinary shares of 20p each:

	<b>2018</b>	2017
	<b>£000</b>	£000
At 1 January	<b>2,884</b>	2,884
Shares issued	<b>1</b>	-
At 31 December	<b>2,885</b>	2,884

During 2018 2,500 ordinary shares having a nominal value of £500 were issued with an aggregate consideration of £1,750.

**C14 SHARE PREMIUM**

	<b>2018</b>	2017
	<b>£000</b>	£000
At 1 January	<b>2,675</b>	2,675
Shares issued	<b>1</b>	-
At 31 December	<b>2,676</b>	2,675

# ARCHANT ANNUAL REPORT 2018

Company financial statements

## NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 December 2018

### C15 OTHER RESERVES

	Available for sale investments £000	Share-based payments £000	Own shares held £000	Total £000
At 31 December 2016	3,441	236	(5,084)	(1,407)
Other comprehensive income	-	-	-	-
Purchase of own shares held by employee trusts	-	-	(8)	(8)
Sale of own shares held by employee trusts	-	-	14	14
Debit to equity for share-based payment	-	(119)	-	(119)
Fair value of listed and unlisted investments	(607)	-	-	(607)
At 31 December 2017	2,834	117	(5,078)	(2,127)
Other comprehensive income	-	-	-	-
Purchase of own shares held by employee trusts	-	-	(1)	(1)
Debit to equity for share-based payment	-	21	-	21
Fair value of listed and unlisted investments	1,218	-	-	1,218
<b>At 31 December 2018</b>	<b>4,052</b>	<b>96</b>	<b>(5,079)</b>	<b>(931)</b>

Own shares held comprise shares held by the JSOP and the trustees of the EBT, the LTIP Trust and the SIP Trust other than shares being held as a bare trustee. Own shares held comprised 676,964 shares with a nominal value of 20p each, acquired at an average cost of £7.50 each (2017: 675,146 shares at £7.52). Purchases of shares in the Company by the EBT have been funded by a bank overdraft guaranteed by the Company, and purchases by the LTIP and SIP have been funded by cash contributions from the Company and its subsidiaries. The trusts provide sources of shares for use in connection with the SIP.

All expenses incurred by the trusts are settled directly by the Company, and charged in the financial statements as incurred.

### C16 RETAINED EARNINGS

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
At 1 January	<b>36,873</b>	40,081
Loss from income statement	<b>(7,630)</b>	(3,208)
At 31 December	<b>29,243</b>	36,873

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Prospect House, Rouen Road, Norwich NR1 1RE on Thursday 2 May 2019 at 11.00 am, to consider and, if thought fit, pass the following resolutions:

### ORDINARY RESOLUTIONS

1. THAT the reports of the directors and auditors and the audited financial statements for the year ended 31 December 2018 be and are hereby received
2. THAT Mr D Hill, retiring as a director at this meeting, be re-elected as a director of the Company
3. THAT Mr B McCarthy, retiring as a director at this meeting, be re-elected as a director of the Company.
4. THAT Ernst & Young LLP be re-appointed as auditors for the Company at a fee to be fixed by the directors.

BY ORDER OF THE BOARD

B G McCarthy

Director

27 February 2019

**Archant Limited, Prospect House, Rouen Road, Norwich NR1 1RE**

Telephone: **01603 772772**

Facsimile: **01603 613276**

Email: **company.secretary@archant.co.uk**

Registered number: 4126997

### NOTES

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting ("AGM"). A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Deputy Company Secretary on 01603 772802.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 11.00 am on Tuesday 30 April 2019.
3. The return of a completed proxy form will not prevent a shareholder attending the AGM and voting in person should they wish to do so.
4. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6.30pm on Tuesday 30 April 2019 (or, in the event of any adjournment, at 6.30pm on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.



## USEFUL INFORMATION FOR SHAREHOLDERS

### SHAREHOLDER WEBSITE

Shareholders can find the latest Annual Report, presentations from the previous Annual General Meeting, useful shareholder information (such as the most recent price at which shares traded) and other presentations/articles which may be of interest at [www.archant.co.uk](http://www.archant.co.uk). Please note the shareholder reference number will be required which can be found on the relevant share certificate or on the Chairman's letter accompanying this Annual Report.

### REGISTRARS

Shareholders with questions regarding their shareholding should contact the Company's registrars.

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
BN99 6DA  
UK: 0371 384 2641  
Overseas: +44 121 415 7047

Lines are open from 8.30am to 5.30pm (UK time) Monday to Friday (excluding public holidays in England and Wales).

Shareholders are also able to manage their shareholding online including: viewing shareholdings, setting up paper-free share communications and updating records for changes in name or address through Equiniti's website Shareview: [www.shareview.co.uk](http://www.shareview.co.uk). Please note the shareholder reference number will be required which can be found on the relevant share certificate or on the Chairman's Letter accompanying this Annual Report.

### SHARE DEALING AND SHARE PRICE

Shareholders can buy or sell Archant shares by contacting the Company's stockbrokers (James Sharp & Co) on 0161 764 4043.

### CONTACT ARCHANT

If you wish to talk to somebody at Archant with regards to your shareholding or any other share related matters please contact the Deputy Company Secretary on 01603 772802 or email [companysecretary@archant.co.uk](mailto:companysecretary@archant.co.uk).



## ARCHANT LIMITED ANNUAL REPORT 2018

Designed and Produced for Archant Limited by  
ARCHANT PUBLISHING SERVICES  
Prospect House, Rouen Road, Norwich NR1 1RE

[www.archant.co.uk](http://www.archant.co.uk)

---

---