New Scientist Limited

Financial statements for the

year ended 31 December 2020

Registered number 10644366

Contents

Strategic Report	3
Directors' Report	5
Statement of Directors' responsibilities in respect of the financial statements	6
Independent Auditors' Report to the members of New Scientist Limited	7
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the financial statements	13

Strategic report

The Directors present their strategic report for the year ended 31 December 2020.

Review of the business

The principal activity of the Company continues to be the development and expansion of the New Scientist brand across several platforms; print, digital and live events. Now in its 65th year, New Scientist continues to be a hugely respected high-quality paid content producer with a strong recurring and loyal subscriptions base. New Scientist brand has been owned by the Company since May 2017.

In a year that has been dominated by Covid-19, society is increasingly placing importance on quality, fact-based journalism and news reporting, combined with general societal concerns around the environment, climate change, health and wellbeing and increasing interest in science, technology, engineering and maths, the Brand remains more relevant than ever.

The Company's key financial performance indicators during the period are as follows:

	2020	**2019**
Turnover	£19,704,000	£20,392,000
EBITDA from continuing operations*	£5,083,000	£4,607,000
EBITDA Margin	25.8%	22.6%
Operating Profit	£734,000	£946,000

* Earnings before interest, tax, depreciation and amortisation from continuing operations, excluding exceptional and other one-off costs.

These key financial indicators will be monitored regularly as the Company continues to trade.

Year on year revenue decline of 3% which was the result of Covid-19 and the impact of the worldwide pandemic on the global economy. Live events, newstrade and commercial revenues were severely reduced as lockdowns, reduced travel and economic uncertainty impacted consumer confidence and spending. Despite this, subscription revenue and volume growth were both achieved this year; a combination of a strong recurring and loyal subscriptions base along with the successful implementation of new subscriber's acquisition and nurturing strategy. The trusted and fact-based coverage of Covid-19 further supported the brand's identity as a global leader of science journalism.

EBITDA from continuing operations grew 10% year on year and improvement in EBITDA margin was achieved as the group implemented cost saving initiatives quickly through reducing the organisation's working week for 2 months with a commensurate reduction in wages, pause on discretionary spending, recruitment freeze, taking advantage of the Government's job retention scheme and improving operational efficiencies.

The Brand continues to be a hugely respected high-quality paid content producer and a trusted, impartial source of information. Looking forward, the Directors' 5-year strategy remains relevant and focuses on developing the paid subscriptions offering of New Scientist, to attract more readers to the brand, while also developing digital multimedia operations – focusing on digital events, online courses, podcasts and newsletters.

COVID-19 continues to impact on the global economy. Commercial, live events and travel revenues are still exposed as worldwide government guidance continues to evolve and varies by location. There is the constant threat of new Covid-19 variants developing and further potential lockdowns to manage the risk of further infection.

Strategic report (continued)

Principal risks and uncertainties

Whilst the Directors believe the business is well placed to trade through a possible recession or further downturn due to our highly loyal subscriber base, the scenario planning and supply chain analysis conducted in Q1 2020 remains relevant and we continue to manage the cost base carefully. For further information with respect to the group's going concern assessment, please refer to note 1c to the financial statements.

The activities of the Company are substantially within the United Kingdom, and the Company is therefore also exposed to the overall performance of the UK economy. The Company also makes sales in both North America and Australia, with a smaller proportion of sales coming from the rest of the world. These non-UK revenues, and some associated costs will be affected by currency fluctuations that may arise as global economic trends. Management continues to consider and implement strategies to mitigate such fluctuations to the maximum extent possible.

A large proportion of the revenues of the Company are earned from the distribution of physical magazines and over the long term it is expected that consumers will choose a mix of physical and digital media. The Company is developing strategies to exploit its brands in the digital environment, as well as in face-to-face events media.

The high loyalty of readers to the New Scientist brand and the high proportion of subscriptions income, forms a strong base for the company's operations. Advertising revenue forms a much lower proportion of company revenue than many traditional media businesses, and the groups' reliable underpinning revenue helps to mitigate some of the Business's risks.

Liquidity risk
The Directors consider that there are no significant working capital risks that are likely to require additional funding.

Price and Credit risk
The Directors do not believe there is any significant price or credit risk with any trading partners that are material to the Company.

Post Balance Sheet events
On 2 March 2021 the New Scientist Group was acquired by dmg media Limited for a cash consideration of £70m.

N. Wright

Nina Wright
Director

Northcliffe House, 2 Derry Street
Kensington, London W8 5TT
United Kingdom

17 December 2021

Directors' report

The Directors present their Directors' report and the audited financial statement of New Scientist Limited for the year ended 31 December 2020.

Directors
The directors who held office during the year and up to the date of signing, unless otherwise stated, were as follows:

Nina Wright (appointed 17 February 2020)
Kevin Beatty (appointed 2 March 2021)
James Welsh (appointed 2 March 2021)
Sir Bernard Gray (resigned 2 March 2021)
Richard Lenane (resigned 2 March 2021)
Louise Anne Rogers (resigned 2 March 2021)

Going concern
There are no material uncertainties related to events or conditions that cast significant doubt about the ability of the Company to continue as a going concern.

Political and charitable contributions
The Company did not make any political or charitable donations nor incur any political expenditure during the year.

Independent Auditors
PricewaterhouseCoopers LLP act as auditors of the Group. Pursuant to section 487 of the Companies Act 2006, they will be deemed to be reappointed and will continue in office.

Approved by the Board of Directors and signed on behalf of the Board.

N. Wright

Nina Wright
Director

Northcliffe House, 2 Derry Street
Kensington, London W8 5TT
United Kingdom

17 December 2021

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors' report to the members of New Scientist Limited

Report on the audit of the financial statements

Opinion

In our opinion, New Scientist Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with direct and indirect tax legislation, employment laws and data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting inappropriate or fictitious journal entries to manipulate the financial performance or financial position of the Company and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Review of Board minutes and discussions with management, including known or suspected instances of non-compliance with laws and regulations and fraud; Evaluation of management's controls designed to prevent and detect fraudulent financial reporting; Challenging assumptions made by management within accounting estimates, and; Testing of material journal entries and post-close adjustments, including the testing of unusual account *combinations*.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17-12-2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	Year ended Dec-20 £ 000's	Year ended Dec-19 £ 000's
Turnover	2	19,704	20,392
Cost of sales		(2,190)	(2,986)
Gross profit		**17,514**	**17,406**
Distribution costs		(2,823)	(2,659)
Administrative expenses	2	(13,957)	(13,801)
Operating profit		**734**	**946**
Interest payable and similar expenses	4	(538)	(585)
Profit before taxation		**196**	**361**
Tax on profit/ (loss)	5	(192)	48
Comprehensive income for the financial year		**4**	**409**

The comprehensive income/ (loss) for the current year is based on continuing operations.

The notes on pages 13 to 26 form part of these financial statements.

Balance Sheet

As at 31 December 2020

	Note	Dec-20 £ 000's	Dec-19 £ 000's
Fixed assets			
Intangible assets	8	16,205	18,841
Tangible assets	9	427	647
		16,632	**19,488**
Current assets			
Debtors	10	2,726	3,143
Cash		5,939	2,882
		8,665	**6,025**
Creditors: amounts falling due within one year	11	**(18,976)**	**(19,161)**
Net current liabilities		**(10,311)**	**(13,136)**
Total assets less current liabilities		**6,321**	**6,352**
Creditors: amounts falling due after more than one year	11	**(824)**	**(859)**
Net assets		**5,497**	**5,493**
Capital and reserves			
Share capital	12	8,255	8,255
Profit and Loss account		(2,758)	(2,762)
Total shareholders' funds		**5,497**	**5,493**

The notes on pages 13 to 26 form part of these financial statements.

The financial statements on pages 10 to 26 were approved by the Board of Directors on 17 December 2021 and were signed on its behalf by:

N. Wright

Nina Wright

Director
17 December 2021

Statement of Changes in Equity

For the year ended 31 December 2020

	Called up share capital £ 000's	Accumulated losses £ 000's	Total £ 000's
At 1 January 2019	**8,255**	**(3,171)**	**5,084**
Share Issue	-	-	-
Total comprehensive income/ (loss) for the year	-	409	409
At 31 December 2019	**8,255**	**(2,762)**	**5,493**
Share Issue	-	-	-
Total comprehensive income/ (loss) for the year	-	4	4
At 31 December 2020	**8,255**	**(2,758)**	**5,497**

The notes on pages 13 to 26 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

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

1a Basis of preparation

New Scientist Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – *'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102')*, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis as modified by the recognition of certain financial assets and liabilities measured at fair value. The presentation currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, New Scientist Group Limited includes the Company in its consolidated financial statements. The Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 10.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

1b Measurement convention

The financial statements are prepared on the historical cost basis except the acquisitions through business combinations which are stated at their fair value.

1c Going Concern

The Directors have considered the ability of the Company to continue in operational existence for the foreseeable future, as well as the relevant business and financial risks. In doing this, they have considered the company's business activities, together with the factors likely to affect its future development, performance and position. The Company has received a letter of support from New Scientist Group Limited to confirm that it will provide financial support if required for a period of at least 12 months from the date of signing these financial statements. Accordingly, the Directors are confident that the Company will have adequate resources to continue in operational existence and have prepared these financial statements on the going concern basis.

Notes to the financial statements

1 Principal accounting policies (continued)

1d Critical accounting judgements and Key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company capitalises development costs in accordance with its accounting policy. Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash generation of new developments and the expected period of benefits.

Annually, the group considers whether intangible assets and goodwill are impaired. No indication of impairment was identified in the year ended 31 December 2020.

1e Turnover

Company turnover represents income from circulation, advertising and subscription revenue generated from print magazines and digital publishing, as well as income from live and digital events the Company holds.

Turnover is recognised on the provision of the related goods or services. Specifically:

- Advertising and circulation revenue are recognised on the date of sale of the related publication;
- Revenue from print and digital subscriptions is recognised over the period of the subscription;
- Other income is recognised on provision of service; and
- Event income is recognised when the event has taken place.

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Circulation income is stated after the deduction of the sales value of actual and estimated returned goods.

Notes to the financial statements

1f Business Combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date at which control is transferred to the acquiring company.

At the acquisition date, the Company recognises goodwill as:

- The fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measure reliably. Any subsequent changes to the amount are treated as an adjustment of the cost of the acquisition.

1g Employee benefits and pension costs

Employees participate in a defined contribution scheme to which the Company contributes. The assets of the defined contribution scheme were held separately from those of the Company in independently administered funds. Contributions to the scheme have been charged to the statement of comprehensive income when payable. Short-term employee benefits and contributions to the defined contribution scheme are recognised as an expense in the period in which they are incurred.

1h Foreign currency translation

The Company's presentational currency is sterling. Transactions in foreign currencies are translated into sterling at a monthly average exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the balance sheet date at the rate of exchange ruling at that date. Surpluses and deficits arising from the translation of monetary assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the income statement.

1i Interest payable and Interest receivable

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

Notes to the financial statements

1 Principal accounting policies (continued)

1j Intangible fixed assets and amortisation

Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Software and development
Software development costs are recognised as an intangible asset when all the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Other intangible assets
Intangible fixed assets purchased separately from a business are capitalised at their cost. Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if their value can be measured reliably at the acquisition date.

Amortisation
Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Goodwill	10 years
Software and development costs	3 years
Other intangibles	10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

1k Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write down the cost less estimated residual value of all tangible fixed assets on a straight-line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service.

The useful lives for depreciation purposes for the principal categories of assets are:

Computer Equipment	3 years
Leasehold Improvements	5 years

Notes to the financial statements

1 Principal accounting policies (continued)

1l Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

The Company fully provides for any amounts of loan principal and charged income that is estimated to be irrecoverable from customers. This provision is calculated based on the type of debt, its age and the period in which the original debt was initiated and by comparison with the past performance of similar historical loans.

1m Financial instruments

Basic financial instruments

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

1n Leased assets

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in statement of comprehensive income the term of the lease as an integral part of the total lease expense.

The Company has no finance leases.

1o Research and development

Qualifying development expenditure which gives rise to an asset delivering future economic benefit is deferred until the period in which the associated income is generated.

Design and content development costs are capitalised within intangible fixed assets to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. Such assets are amortised over a period of 3 years. Research expenditure and development expenditure which does not meet these criteria is taken to the statement of comprehensive income as it is incurred.

Notes to the financial statements

1 Principal accounting policies (continued)

1p Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1q Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements

2 Operating profit/ (loss) before taxation

2a Operating profit/ (loss) before taxation is stated after charging:

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Goodwill amortisation	134	134
Other intangible amortisation	2,939	2,789
Depreciation	280	270
Operating lease costs	508	508
Exceptional costs	1,067	468

Operating lease costs relate to the Group's premises at 25 Bedford Street, WC2E 9ES.

Exceptional costs in the period to 31 December 2020 relate to non-recurring spend for restructuring costs and sunk costs in relation to the live events and travel business.

2b Auditors' remuneration

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Fees for the audit of the Group	72	60
Tax services	76	66
	148	**126**

The Company bears the cost for auditing the Group's financial statements.

2c Segmental Analysis

New Scientist is a weekly magazine, website and app, covering all aspects of science and technology and publishes editions in the UK, Australia and the United States. In addition, the Group runs live events in the UK, Australia and the United States. Turnover by geographical market is broken down as follows.

	2020 £ 000's	2019 £ 000's
UK	14,410	15,188
Australia	2,649	2,743
United States	2,567	2,388
Rest of World	78	73
	19,704	**20,392**

Notes to the financial statements

3 Employees and remuneration

3a Persons employed

The average number of persons employed in the period, excluding directors, was:

	Year to Dec-20 Average number	Year to Dec-19 Average number
Sales and Events	13	16
Production and Editorial	43	46
Administration and Marketing	25	24
	81	**86**

The aggregate payroll costs of these persons excluding directors were as follows:

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Wages and salaries	4,379	4,846
Social security costs	567	578
Other pension costs	309	325
	5,255	**5,749**

No pension costs unpaid as at year end 2020 and 2019.

3b Directors' remuneration

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Directors emoluments	444	329
Company contribution to defined contribution pension scheme	23	26
	467	**355**

The number of Directors to whom retirement benefits were accrued for the year was 1 (2019: 2).

Notes to the financial statements

3b Directors' remuneration *(continued)*

The remuneration of the highest paid director during the period was as follows:

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Directors emoluments	240	173
Company contribution to defined contribution pension scheme	-	23
	240	**196**

4 Interest payable and similar expenses

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Interest owned to parent company	538	585
Total interest payable	**538**	**585**

5 Tax on profit/ (loss)

The charge for the year, based on a corporation rate of 19% (2019: 19%) comprised:

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Current tax:		
UK Corporation tax	15	-
UK Corporation tax - Adjustments in respect of prior years	50	-
Total current tax	65	-
Deferred tax:		
Origination and reversal of timing differences	57	94
Effect of changes in tax rates	81	(9)
Adjustments in respect of prior years	(11)	(133)
Total deferred tax	127	(48)
Tax per Statement of Comprehensive Income	192	(48)

Notes to the financial statements

5 Tax on profit/ (loss) *(continued)*

Factors Affecting the total Tax Charge for current year:

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Profit/ (loss) for the period - continuing operations	196	361
Tax on profit at standard UK rate of 19%	37	69
Effects of:		
Expenses not deductible	35	35
Effects of group relief / other reliefs	-	(10)
Tax rate changes	81	(9)
Adjustments in respect of prior years	39	(133)
Tax charge for the period	192	(48)

Tax rate changes:

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. This was enacted in the Finance Bill 2020. In the Spring 2021 Budget it was announced that the main rate for UK corporation tax will be increased to 25% from 1 April 2023. Deferred tax balances as at 31 December 2020 are now measured at a rate of 19%.

6 Deferred Taxation

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Provision at start of period	697	745
Deferrd tax charge to Statement of Comprehensive Income	138	85
Adjustment in respect of prior years	(11)	(133)
Provision at end of period	**824**	**697**

Fixed assset timing differences	824	859
Short term timing differences	-	(0)
Losses	-	(162)
	824	**697**

Disclosed as:		
Deferred tax asset (Note 10)	-	162
Deferred tax liability (Note 11)	(824)	(859)
	(824)	**(697)**

Notes to the financial statements

7 Dividends

No dividends have been declared or paid during the year (2019: nil).

8 Intangible assets

	Goodwill	Brand name	Customer Relationship	Software	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Cost					
At 1 January 2020	1,339	16,761	6,197	1,825	26,122
Additions	-	-	-	437	437
At 31 December 2020	**1,339**	**16,761**	**6,197**	**2,262**	**26,559**
Accumulated amortisation					
At 1 January 2020	(355)	(4,426)	(1,635)	(865)	(7,281)
Charge for the year	(134)	(1,681)	(621)	(637)	(3,073)
At 31 December 2019	**(489)**	**(6,107)**	**(2,256)**	**(1,502)**	**(10,354)**
Net book value					
At 31 December 2020	**850**	**10,654**	**3,941**	**760**	**16,205**
At 31 December 2019	984	12,335	4,562	960	18,841

9 Tangible assets

	Computer Hardware	Leasehold Improvements	Total
	£ 000's	£ 000's	£ 000's
Cost			
At 1 January 2020	238	970	**1,208**
Additions	60	-	**60**
At 31 December 2020	**298**	**970**	**1,268**
Accumulated depreciation			
At 1 January 2020	(150)	(411)	(561)
Charge for the year	(86)	(194)	(280)
At 31 December 2020	**(236)**	**(605)**	**(841)**
Net book value			
At 31 December 2020	**62**	**365**	**427**
At 31 December 2019	88	559	647

Notes to the financial statements

10 Debtors

	Dec-20 £ 000's	Dec-19 £ 000's
Trade debtors	791	941
Other debtors	697	896
Deferred tax asset	-	162
Prepayments and accrued income	1,238	1,108
Other tax receivable	-	36
	2,726	**3,143**

Amounts falling due after more than one year included above is the Deferred tax asset of £0 (2019: £162,000).

11 Creditors

Creditors: amounts falling due within one year

	Dec-20 £ 000's	Dec-19 £ 000's
Trade creditors	274	552
Amounts owed to group undertakings	9,870	11,271
Other creditors	90	63
Other taxation and social security	36	51
Other tax payable	6	-
Accruals and deferred income	8,700	7,224
	18,976	**19,161**

The amounts owed to group undertakings has no fixed repayment date and accrues interest at 5% per annum. They are considered as falling due within one year.

Creditors: amounts falling due after more than one year

	Dec-20 £ 000's	Dec-19 £ 000's
Deferred tax liability	824	859

Notes to the financial statements

12 Called up share capital

	Number	Dec-19 Share Capital £	Total £
Alloted, called up and fully paid			
Ordinary shares of £1 each	8,255,000	8,255,000	8,255,000
	8,255,000	8,255,000	8,255,000

	Number	Dec-20 Share Capital £	Total £
Alloted, called up and fully paid			
Ordinary shares of £1 each	8,255,000	8,255,000	8,255,000
	8,255,000	8,255,000	8,255,000

13 Commitments

Total commitments under non-cancellable operating leases are as follows:

	Year to Dec-20 £ 000's	Year to Dec-19 £ 000's
Land and buildings		
Payments due:		
Within one year	598	598
In the second to fifth years inclusive	1,993	1,993
Over five years	813	1,411
	3,404	**4,002**

The Company has no capital commitments at the end of the financial period that have not been provided in the balance sheet. The Company does not hold any operating leases and has no capital commitments at the end of the financial period.

14 Related party disclosures

Related parties of New Scientist Limited include its subsidiaries and its ultimate controlling parties as well as its directors and close family members.

The Company has taken exemption under FRS 102.1.12(e) from disclosing transactions and balances with wholly owned entities which form part of the Group headed by New Scientist Group Limited.

15 Immediate and ultimate controlling party

The ultimate controlling party at the balance sheet date is New Scientist Group Limited (formally known as Kingston Holdco Limited).

Smallest and largest group in which the results of the Company are consolidated is New Scientist Group Limited, a company registered in England and Wales. Copies of the group financial statements are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

Notes to the financial statements

15 Immediate and ultimate controlling party *(continued)*

The immediate parent undertaking at 31 December 2020 is Kingston Midco 2 Limited. Copies of the financial statements are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

16 Post Balance Sheet Events

Despite the impact of COVID-19 and the resultant global economic uncertainty, our subscriptions revenues continue to trade well, underpinned by strong renewal rates, at 80%+ on average. However, like many businesses, there is a continued downward impact from the outbreak of COVID-19 on our live events and newstrade sales.

On 2 March 2021 the New Scientist Group was acquired by dmg media Limited for a cash consideration of £70m. All outstanding bank loan and preference share liabilities were repaid and the Company is no longer required to achieve financial covenant tests.