

**Registered Number: 19300**

**ARCHANT COMMUNITY MEDIA LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2015**

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COMPANIES HOUSE

**ARCHANT COMMUNITY MEDIA LIMITED**

**Registered Number: 19300**

**DIRECTORS**

W H Hattam  
J L Henry  
B G McCarthy  
C N Nayman  
N T Schiller  
D A Willmott

**AUDITOR**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

**BANKERS**

Nat West Bank plc  
Norwich City Office  
45 London Street  
Norwich  
NR2 1HX

**REGISTERED OFFICE**

Prospect House  
Rouen Road  
Norwich  
NR1 1RE

## ARCHANT COMMUNITY MEDIA LIMITED

### STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2015.

#### Principal Activities

The Company'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, television and printing.

#### Review of the business

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.

During the year, the Company transitioned from previously extant UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Archant Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on adoption of FRS 101 are included on pages 44 to 51 of these financial statements.

#### Key Performance Indicators

The key financial and non-financial performance indicators for the Company are:

	2015	2014
	£000	£000
Total revenue	114,926	120,845
Advertising revenue	67,199	72,050
Circulation revenue	26,616	27,957
Digital revenue	7,917	8,165
Other revenue	13,194	12,673
Subscriptions (% of magazine copy sales revenue)	47.7%	48.9%
Underlying operating costs*	104,936	112,451
Other operating income	479	479
Underlying operating profit*	10,469	8,873
Net funds	5,822	5,846
Web and mobile traffic (MUVs - million)	8.2	7.1

*\*excluding amortisation, impairment and non-recurring items*

#### Revenue

Total revenue decreased from £120.8m in 2014 to £114.9m in 2015, a decrease of 4.9%, following the disposal of a portfolio of magazines in April 2015. On a like-for-like basis, total revenue fell by 1.6%. Further details are below:

#### Advertising revenue

Advertising revenue decreased by 6.8% to £67.2m. On a like-for-like basis, the reduction was 5.3% with falls in both newspaper and magazine advertising and falls in all major revenue categories.

#### Circulation and subscriptions

Headline circulation revenues fell 4.8% year-on-year. On a like-for-like basis, circulation revenues increased by 2.9%. On a like-for-like basis newspaper circulation revenue grew 2.6% to £18.9m after several years of decline with price rises more than offsetting circulation volume declines and magazine circulation revenue grew 4.5% to £7.2m. Magazine subscription copies as a percentage of copy sales on a like-for-like basis dropped from 48.9% to 47.7% following improvements in trade sales availability and performance.

#### Digital activity

Revenue from like-for-like online activities fell by 0.7% to £7.9m, mainly driven by revenue from content display. In the latter half of the year, digital recruitment advertising was also a challenge. Monthly unique visitors to our fixed and mobile sites increased by 14.5%, with 30.5m Archant fixed and mobile site pages viewed on average each month.

## **ARCHANT COMMUNITY MEDIA LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Other revenue**

Other revenue, including external printing and events, grew by 4.3% in 2015 to £13.2m (2014: £12.7m) driven by significant growth in events (30.7% to £1.7m).

#### **Underlying Operating Costs**

The directors continue to aim to balance investment with good cost management. Underlying operating costs fell by 6.7% to £104.9m with employment costs down by 3.7% and printing and paper costs falling by 15.4% compared to the prior year.

#### **Underlying Operating Profit**

Underlying operating profit before amortisation, impairment and non-recurring items increased 18.0% to £10.5m.

#### **Net non-recurring costs**

Non-recurring items fell from £13.5m to £10.1m. This includes amortisation and impairment of intangible fixed assets of £9.8m (2014: £11.7m). Other non-recurring items comprise restructuring costs £0.5m (2014: £1.5m), profit on disposal of a magazine portfolio £0.6m (2014: £nil), impairment of a fixed asset investment and associated convertible loan £0.4m (2014: £nil), the Company's commitment to fund the Newspaper Society pension deficit £nil (2014: £0.3m), and a release of amounts due from subsidiary undertakings £nil (2014: £0.1m).

#### **Impairment of Intangible assets**

The Company is required to review the carrying value of its intangible assets annually, to determine whether events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value is assessed using forecast cash flows, discounted in line with the Company's cost of capital. A total charge of £0.2m (2014: £1.4m) has been recorded against cash generating units where the value in use or recoverable amount was lower than their carrying value.

#### **Pensions**

The Company operates both defined benefit and defined contribution schemes. The assets and liabilities of the defined benefit schemes are valued by an independent actuary at the end of each financial year for accounting purposes. The overall deficit in the pension fund has fallen from £33.0m to £31.4m during 2015, due to employer contributions of £3.2m and an actuarial valuation gain of £0.6m, offset by a £2.2m charge to the income statement for service costs, administration and financing. The Company continues to look at options to mitigate our exposures in this area. Further details are provided in the risk and uncertainties section of the strategic report.

#### **Taxation**

The Company has retained a provision of £14.9m in respect of disputed tax matters dating back to 2003. The Company has continued to actively provide information to support its position, has consulted with legal counsel, and continued to engage with HMRC throughout the year.

#### **Net debt and cash flow**

The Company continues to be strongly cash generative and at 31 December 2015 had net funds of £5.8m (2014: net funds of £5.8m), having transferred £10.0m to its ultimate parent company during the year. The bank facilities for the Archant group are managed centrally by the ultimate parent company. The Group maintains sufficient debt headroom to ensure it can meet its cash liabilities, including those in respect of tax. The Group is operating well within its existing banking covenants.

#### **Net assets**

Net assets on 1 January 2015 were £100.3m. The loss for the year after tax was £1.7m, which was transferred to reserves. Other movements included a decrease in reserves of £0.1m arising from a fall in the IAS 19 pension deficit of £0.6m offset by a £0.7m reduction in the associated deferred tax asset. Net assets at the end of the year therefore fell to £98.5m.

#### **Future developments**

There have not been any significant changes in the Company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activity in the next year.

**ARCHANT COMMUNITY MEDIA LIMITED**

**STRATEGIC REPORT (continued)**

**Principal Risks and Uncertainties**

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

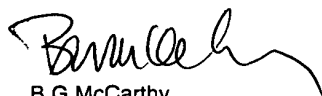
<b>Risk</b>	<b>Potential Impact</b>	<b>Mitigating actions</b>
<b>Finance Risk</b>		
The Group manages its liquidity risk through committed short-term and long-term finance facilities at a level to meet the Group's anticipated funding requirements. These finance facilities require certain financial covenants to be met including profit and cash covenants	If covenants are not met, the Group may be forced to renegotiate its finance facilities with its lenders.	The Group's banking facilities were renewed in July 2015 and expire in June 2019. The Group's forecasts and expectations demonstrate that it can operate within the terms of these facilities, including its financial covenants. Further, any cash outflows that may arise as a result of outstanding tax matters can be accommodated within the current finance facilities. Compliance with facilities is monitored on a monthly basis and reported quarterly to banks
<b>Lifestyle changes affecting audiences</b>		
Circulation volumes for print titles are under pressure due to changes to lifestyles and in the multimedia landscape.	Circulations for print titles do not achieve target, resulting in loss of circulation revenues. The reduced audience could also lead to a loss of advertising revenue.	The Company aims to provide high quality editorial content in all its products to provide appropriate quality and value for its audience to encourage repeat purchases. It promotes loyalty schemes and subscriptions to encourage increased frequency of purchase. The Company has continued to develop and improve news websites, including tailoring to mobile devices, increasing frequency of updates and implementing apps. Cover price increases may be an opportunity to mitigate circulation volume losses.
<b>Changes in marketing expenditure</b>		
The changing media needs of our advertisers are putting pressure on print advertising revenues	Advertising revenues do not achieve target.	The Company is continuing to invest in the quality, structure and training of its sales teams and to create a more customer-centric organisation, to ensure that customer revenue opportunities are optimised. Investment is continuing in digital brands, and in strengthening the Company's fixed web and mobile presence. The Company also continuously seeks to find and develop new online and mobile technology revenue sources. The Company reviews economic, industry and other relevant data to evaluate future revenue trends and to put appropriate plans in place

**ARCHANT COMMUNITY MEDIA LIMITED**

**STRATEGIC REPORT (continued)**

<b>Defined Benefit Pension Scheme Deficit</b>		
Regulatory changes, stock market fluctuations or changes in other core assumptions including interest rates, inflation and longevity may significantly impact the funding level of the defined benefit pension scheme, in turn impacting company contribution levels.	An adverse movement in any of the key assumptions may increase the deficit in the defined benefit pension scheme, resulting in a requirement for higher cash contributions.	The pension deficit is carefully monitored and there are regular reviews with the trustees of the scheme. The Company and trustees take appropriate actions to mitigate the growth in pension liabilities including a regular review of funding level, investment strategy, benefits provided and the cost of those benefits. There are a number of factors which are outside the Company's control, including interest rates, inflation rates, life expectancy and regulatory change.
<b>Organisational structure and retention of key people</b>		
The ability to execute and implement the Company's strategic and business plans relies on the appropriate Company structure, culture and key people. Salary and bonus levels for senior managers could fall below market levels and key staff leave. The ability to recruit quality staff may also be impaired.	Key staff leaving could lead to a loss of leadership, industry knowledge and experience, and adversely impact customer and supplier relationships.	The Company has a succession plan in place and reviews it regularly together with market rates for salaries. The Company promotes a culture of continuous improvement. The Company has a rigorous recruitment process, including recruitment from outside traditional publishing areas, and is actively engaged in staff development & training.
<b>Taxation</b>		
The Company may not prevail in its current dispute with HMRC, dating back to 2003.	Unsuccessful conclusion of the ongoing dispute may require settlement in cash of the full amount of tax and interest provided.	The Company is working closely with its legal and tax advisors to resolve these matters with HMRC. The Company can accommodate any cash outflows that may arise as a result of these tax matters within its current bank facilities. The Company continues to generate cash which reduces the impact to the Company of any eventual tax payment on the Company's ability to fund growth and make dividend payments.
<b>Business continuity</b>		
The Company is dependent on technology in particular computer networks and software. A substantial failure for a sustained period may potentially adversely affect revenues or profits.	Lack of robust systems or slow implementation of any recovery plan might impact the Company's ability to deliver products which could significantly impact earnings.	Business continuity plans are reviewed annually. The Company has full mirroring of core systems across two sites and uses cloud based services where appropriate. The Company 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



B G McCarthy  
Director  
22 July 2016

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2015.

**RESULTS AND DIVIDENDS**

The loss for the year after impairment charges and taxation amounted to £1,711,000 (2014: £5,308,000).

No interim ordinary dividends were paid in the year (2014: £nil). The directors do not recommend the payment of a final dividend (2014: £nil).

**DIRECTORS**

The names of the Directors who served during the year are set out below.

	Appointed	Resigned
W H Hattam		
J L Henry		
J A E Hustler		31 March 2015
A D Jeakings		30 June 2015
B G McCarthy		
G Miller		23 June 2015
C N Nayman	18 August 2015	
N T Schiller		
R P Wilks		6 May 2015
D A Willmott		

## **ARCHANT COMMUNITY MEDIA LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Company and of the profit or loss of the Company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were members of the board at the time of approving this report are listed on page 2. 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 auditor is 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 auditor is aware of that information.



## **ARCHANT COMMUNITY MEDIA LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **EMPLOYEE INVOLVEMENT**

Increased staff engagement is a priority. Whether it is face-to-face, via email or through briefings, the Company is committed to improving communications to keep our people informed about our progress.

The Company recognises the vital importance of good communication with its staff. The Company's internal communication strategies include regular face-to-face updates with employees from their line managers.

The Archant Connect intranet provides a twice-weekly e-bulletin news update for staff and the Company has a comprehensive programme of briefings, conferences and workshops. The Company gauged staff opinions through micro-surveys and carried out a full employee involvement survey during 2015. Actions arising from the survey will be implemented during 2016.

The Company's employees receive formal performance appraisals and agree clear objectives and development plans with their manager or team leader. Senior managers from across the Company take part in an annual conference at which the Group Chief Executive outlines the Group's strategy to make sure each individual, team and division's objectives were aligned to the Group's overall goals.

#### **DISABLED EMPLOYEES**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on pages 3 to 6.

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 Company 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 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.

## **ARCHANT COMMUNITY MEDIA LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **QUALIFYING THIRD-PARTY INDEMNITY PROVISIONS**

It has been the practice of the Company to indemnify its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. Indemnities that constitute qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006 have been in place throughout the year and as at the date of this report remain in force. Under those indemnities the Company has indemnified the directors, in accordance with the Company's Articles of Association, in respect of liabilities that may attach to them in their capacity as directors of the Company or of associated companies.

#### **AUDITOR**

Ernst & Young LLP are deemed re-appointed as the Company's auditor in accordance with section 487(2) Companies Act 2006.

By order of the Board,



B G McCarthy  
**Director**  
22 July 2016

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

We have audited the financial statements of Archant Community Media Limited for the year ended 31 December 2015 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 - Reduced Disclosure Framework.

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.

### Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


### Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

### Matters on which we are required to report by exception

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

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

  
Robert Forsyth (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge  
22 July 2016

**ARCHANT COMMUNITY MEDIA LIMITED**

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £'000	2014 £'000
<b>TURNOVER</b>	4	114,926	120,845
Other operating income	4	479	479
Operating costs	4	(115,048)	(125,980)
<b>Operating profit/(loss)</b>	4	357	(4,656)
Other income	9	638	1,217
Interest payable and similar charges	10	(302)	(314)
Other finance expense	26	(1,140)	(478)
<b>LOSS BEFORE TAXATION</b>		(447)	(4,231)
Income tax expense	11	(1,264)	(1,077)
<b>LOSS FOR THE YEAR</b>		(1,711)	(5,308)
<b>Attributable to:</b>			
Equity shareholders of the Company		(1,711)	(5,308)
Non-controlling interests		-	-
		(1,711)	(5,308)

All amounts relate to continuing activities.

The notes on pages 16 to 43 form part of these financial statements.

**ARCHANT COMMUNITY MEDIA LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £'000	2014 £'000
Loss on ordinary activities after taxation		(1,711)	(5,308)
Unrealised surplus on available-for-sale financial assets	14	-	909
Exchange differences on translation of foreign operations	23	13	31
Actuarial gains and losses recognised on defined benefit pension scheme	26	595	(22,601)
Movement on deferred tax asset associated with actuarial gains and losses recognised on defined benefit pension scheme	11	(119)	4,870
Change in deferred tax asset on pension scheme deficit arising from a change in the rate of corporation tax	11	(627)	(435)
Total comprehensive income		<u>(1,849)</u>	<u>(22,534)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		(1,849)	(22,534)
Non-controlling interests		-	-
		<u>(1,849)</u>	<u>(22,534)</u>

ARCHANT COMMUNITY MEDIA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

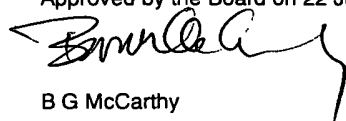
	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
<b>At 1 January 2014</b>		112,044	5,369	498	4,915	122,826
<b>Loss for the year</b>		-	-	-	(5,308)	(5,308)
<b>Other comprehensive income:</b>						
Actuarial losses on retirement benefit schemes	26	-	-	-	(22,601)	(22,601)
Tax on retirement benefit schemes	11	-	-	-	4,435	4,435
Fair value of unlisted investments	14	-	-	909	-	909
Foreign currency translation	23	-	-	31	-	31
<b>Other comprehensive income</b>		-	-	940	(18,166)	(17,226)
<b>Total comprehensive income</b>		-	-	940	(23,474)	(22,534)
<b>At 31 December 2014</b>		112,044	5,369	1,438	(18,559)	100,292
<b>Loss for the year</b>		-	-	-	(1,711)	(1,711)
<b>Other comprehensive income:</b>						
Actuarial gains on retirement benefit schemes	26	-	-	-	595	595
Tax on retirement benefit schemes	11	-	-	-	(746)	(746)
Foreign currency translation	23	-	-	13	-	13
<b>Other comprehensive income</b>		-	-	13	(151)	(138)
<b>Total comprehensive income</b>		-	-	13	(1,862)	(1,849)
Credit to equity for share-based payment	23	-	-	57	-	57
<b>At 31 December 2015</b>		112,044	5,369	1,508	(20,421)	98,500

ARCHANT COMMUNITY MEDIA LIMITED

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2015

	Note	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
<b>NON-CURRENT ASSETS</b>				
Intangible fixed assets	12	91,571	101,278	113,827
Property, plant and equipment	13	7,499	9,252	11,845
Investments	14	2,023	2,023	1,114
Other receivables	16	32,831	20,890	11,293
Deferred tax asset	20	6,188	7,299	3,964
		<u>140,113</u>	<u>140,742</u>	<u>142,043</u>
<b>CURRENT ASSETS</b>				
Inventories	15	800	1,161	1,253
Trade and other receivables	16	14,817	14,166	16,307
Cash and cash equivalents		5,822	5,846	5,547
		<u>21,439</u>	<u>21,173</u>	<u>23,107</u>
<b>HELD FOR SALE ASSETS</b>				
	17	-	1,271	-
<b>TOTAL ASSETS</b>		<u>161,552</u>	<u>163,186</u>	<u>165,150</u>
<b>CURRENT LIABILITIES</b>				
Borrowings and overdrafts				
Trade and other payables	18	19,988	19,383	20,000
Current tax liabilities		11,011	9,774	9,810
Provisions	19	47	178	179
		<u>31,046</u>	<u>29,335</u>	<u>29,989</u>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings and overdrafts				
Trade and other payables	18	204	178	297
Provisions	19	433	422	267
Defined benefit pension liability	26	31,369	32,959	11,771
		<u>32,006</u>	<u>33,559</u>	<u>12,335</u>
<b>TOTAL LIABILITIES</b>		<u>63,052</u>	<u>62,894</u>	<u>42,324</u>
<b>NET ASSETS</b>		<u>98,500</u>	<u>100,292</u>	<u>122,826</u>
<b>EQUITY</b>				
Called up share capital	21	112,044	112,044	112,044
Share premium account	22	5,369	5,369	5,369
Other reserves	23	1,508	1,438	498
Profit and loss account		(20,421)	(18,559)	4,915
<b>TOTAL EQUITY</b>		<u>98,500</u>	<u>100,292</u>	<u>122,826</u>

Approved by the Board on 22 July 2016.

  
B G McCarthy

The notes on pages 16 to 43 form part of these financial statements.

## ARCHANT COMMUNITY MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1 CORPORATE INFORMATION

The financial statements of Archant Community Media Limited (the Company) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 22 July 2016. The Company 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 Company'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, television and printing.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair view override in respect of the non amortisation of goodwill (see Note 2).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Archant Limited.

The results of the Company are included in the consolidated financial statements of Archant Limited which are available from The Registrar, Companies House, Crown Way, Maindy, Cardiff.

The principal accounting policies adopted by the Company are set out in Note 2.

#### 2 ACCOUNTING POLICIES

##### ***Basis of preparation***

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in the Appendix on pages 44 to 52.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- (c) the requirements of paragraphs 10(d) of IAS 1 Presentation of Financial Statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member .



2 ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES

*Intangible fixed assets*

(b) *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 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 any accumulated impairment losses. Internally generated newspaper and magazine titles, excluding capitalised development costs, 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 de-recognition 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.

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 Company 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.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 20 years would have been chosen as the useful life for goodwill. The profit for the year would have been £116,000 lower had goodwill been amortised in the year.

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 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.

(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.

## 2 ACCOUNTING POLICIES (continued)

### 2.2 SIGNIFICANT ACCOUNTING POLICIES

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

Expenditure incurred in research is recognised as an expense in the period in which it is incurred. 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 is charged to the 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.

#### *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

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

Plant and machinery	-	5 to 15 years
Motor vehicles, equipment, furniture and fittings	-	3 to 7 years
Leasehold improvements	-	term of lease

#### *Available-for-sale financial assets*

Available-for-sale financial assets comprise unlisted equity investments. Equity investments classified as available-for-sale 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. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses 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 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.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition.

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

#### *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 Company have the right of net settlement.

2 ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES

***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 income statement, based on the effective interest rate of the associated borrowings.

***Pensions***

The Archant Pension & Life Assurance Scheme ("the Scheme") has a defined benefit section that requires contributions to be made to separately administered funds. The defined benefit section was closed to new members in February 1998 from which time membership of a defined contribution scheme is available.

The Company has adopted IAS 19 and incorporated the pension scheme deficit in full on the grounds that the share of the assets and liabilities for Archant Limited, the only other participating company, would not be material in relation to the overall deficit.

The cost of providing benefits under the defined benefit 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 income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or curtailment occurs the change in the present value of the Scheme liabilities and the fair value of the Scheme assets reflects the gain or loss which is recognised in the income statement. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest cost of the defined benefit obligations represents the change in present value of the Scheme obligations resulting from the passage of time, and 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 a component of the return on Scheme assets and 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 income statement as other finance income or expense.

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

The defined benefit pension asset or liability in the statement of financial position comprises the present value of the defined benefit 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. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net defined benefit pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the Scheme.

The Group operates a defined contribution pension scheme, which is open to eligible employees. The Company's contributions are charged to the profit and loss account in the year in which they are payable.

Additionally, the Company contributes to a small number of personal pension plans for certain employees who are not participants in one of the Group's pension schemes.

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

2 ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES

**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.

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.

**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 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.

**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 Company's activities. Revenue is shown net of value added tax, trade discounts and anticipated returns.

The Company 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 Company'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.

2 ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation 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 and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling (£), which is the Company'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 denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to cash and cash equivalents and all other foreign exchange gains and losses are presented in the income statement.

**Group share-based payment transactions**

The Archant Group operates the Archant Long Term Incentive Plan and the Archant Share Incentive Plan. Under both schemes, eligible employees of the Company may receive part of their remuneration in the form of shares in the parent company ('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 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 Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period and is recognised in staff costs (Note 6).

**Non-recurring items**

The directors believe that the underlying profit measure provides additional useful information for shareholders on the underlying performance of the business. This measure is consistent with how underlying business performance is measured internally. The underlying profit before tax measure is not a recognised profit measure under FRS 101 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 intangible assets;
- 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.

## 2 ACCOUNTING POLICIES (continued)

### 2.2 SIGNIFICANT ACCOUNTING POLICIES

#### *Critical accounting estimates and judgements*

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 preparation of the financial statements requires management to make estimates and assumptions concerning the future. 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:

#### *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 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 26.

#### *Provisions*

Provisions recognised at the balance sheet date are detailed in Note 19 and include amounts for property dilapidations.

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 Company 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.

#### *Income tax liabilities and accrued interest on income tax liabilities*

The Company has provided £14.9m for income tax payable and accrued interest in respect of disputed tax matters dating back to 2003.

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 the future amounts settled, and the timing of those payments, may be different from those provided.

The Company is also in correspondence with HM Revenue & Customs concerning the appropriate classification of other disputed corporation tax liabilities between current tax and deferred tax. The Company has fully provided for these liabilities, although the classification between current tax and deferred tax, once agreed, may be different from those provided.

## 3 TURNOVER

Turnover represents amounts invoiced to third parties, and is attributable to the continuing activities of the Company.

The Company'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, television and printing.

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>4 OPERATING PROFIT/(LOSS)</b>	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Turnover</b>			
Advertising revenue		67,199	72,050
Circulation revenue		26,616	27,957
Other revenues		21,111	20,838
		<hr/>	<hr/>
Revenue from continuing operations		114,926	120,845
		<hr/>	<hr/>
Other operating income			
Shared services recharges		479	479
		<hr/>	<hr/>
Operating costs			
Other external charges		18,976	21,580
Staff costs	6	47,636	49,463
Depreciation of owned assets	13	2,949	3,380
Other operating charges		35,375	38,028
		<hr/>	<hr/>
Underlying operating costs		104,936	112,451
		<hr/>	<hr/>
Impairment of unlisted investment and loan receivable		418	-
Amortisation and impairment of intangible assets	12	9,802	11,679
Restructuring costs		492	1,527
Profit on disposal of magazine titles	17	(627)	-
Other losses less profits on disposals		27	-
Contribution to Newspaper Society pension scheme deficit		-	254
Release of amounts due from subsidiary undertakings		-	69
		<hr/>	<hr/>
Non-recurring operating costs		10,112	13,529
		<hr/>	<hr/>
Total operating costs		115,048	125,980
		<hr/>	<hr/>
Operating profit/(loss)		357	(4,656)
		<hr/>	<hr/>

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

In April 2014 the Newspaper Society ('NS'), the regional press trade association, incorporated as The Newspaper Organisation Limited ('NOL') a private company limited by guarantee. All of the members of NS, including the Company, committed to fund the NS Pension and Life Assurance Scheme ("NS PLAS") deficit and recovery plan prior to the transfer of all NS's assets and liabilities to NOL. The Company has a commitment to make payments of £26,000 per annum until the earlier of when NOL has, throughout a six month period, net unencumbered assets equal to or greater than the estimated debt payable on a winding up of NS PLAS and 2038. The Company's total commitment of £254,000 has been discounted using the Company's weighted average cost of capital.

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>5 OPERATING PROFIT/(LOSS)</b>	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Operating profit/(loss) is stated after charging:			
Cost of inventories recognised as an expense		8,822	9,948
Trade receivables impairment		143	241
Auditors' remuneration in respect of audit services		68	66
non-audit services		-	-
Operating lease rentals:			
plant and machinery		1,894	2,020
land and buildings		2,228	2,208
Sub-lease income			
land and buildings		50	48
Net (profit)/loss on disposals of intangible and tangible fixed assets		(600)	13
Net loss on conversion of foreign currency transactions and balances		12	30
<b>6 STAFF COSTS</b>		<b>2015 £'000</b>	<b>2014 £'000</b>
Staff costs during the year:			
Wages and salaries		39,721	41,571
Social security costs		3,776	3,986
Other pension costs		4,082	3,906
Share-based payments	8	57	-
		<b>47,636</b>	<b>49,463</b>
Costs included in other pension costs in respect of defined contribution schemes		<b>2,297</b>	<b>2,484</b>
		<b>Number</b>	<b>Number</b>
The average number of employees during the year was:			
Commercial		584	629
Content		450	484
Technical		311	335
Other		187	201
		<b>1,532</b>	<b>1,649</b>
<b>7 DIRECTORS' REMUNERATION</b>		<b>2015 £'000</b>	<b>2014 £'000</b>
Directors' remuneration paid by the Company:			
Salaries, bonuses and other benefits		869	886
Termination payment		28	122
Pension contributions:			
defined contribution scheme		43	42
self invested personal pension		7	22
		<b>947</b>	<b>1,072</b>
Number of directors in:			
defined benefit pension scheme		-	-
defined contribution pension scheme		6	6
		<b>6</b>	<b>6</b>
Number of share options awarded to directors of the Company under the 2011 Long-term Incentive Plan (Note 8)		<b>160,000</b>	-



# ARCHANT COMMUNITY MEDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

<b>7 DIRECTORS' REMUNERATION (continued)</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
The emoluments of the highest paid director were:		
aggregate emoluments (2014: including termination payment)	302	318
defined contribution scheme pension contributions	17	22

### **Remuneration of directors paid by other group companies:**

Each of Mr J L Henry, Mr B G McCarthy and Ms D A Willmott are also directors or senior executives of the holding company and/or fellow subsidiaries.

The total remuneration for the year paid by the holding company or fellow subsidiaries for Mr J L Henry, Mr B G McCarthy and Ms D A Willmott, including defined contribution pension contributions but excluding accrued defined benefit pension entitlements was £1,226,000 (2014: Mr J L Henry, Mr A D Jeakings, Mr B G McCarthy and Ms D A Willmott £1,090,000). The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors or executives of the holding and fellow subsidiary companies. Mr B G McCarthy and Ms D A Willmott are members of the Archant defined contribution pension scheme.

None of the remuneration for directors of the Company paid by the holding company or fellow subsidiaries is included in the tables above.

## **8 SHARE-BASED PAYMENTS**

The Group operates a Long-term Incentive Plan (LTIP), a Joint Share Ownership Plan (JSOP) and a Share Incentive Plan (SIP) all of which may result in eligible employees of the Company receiving part of their remuneration in the form of shares in the parent company ('equity-settled transactions'). No awards have been made to employees of the Company under the JSOP, and no awards have been made to employees of the Company under the SIP since 2008.

The expense recognised in wages and salaries for share-based payments in respect of employee services received during the year ended 31 December 2015 is £57,000 (2014: £nil).

### **2011 long-term incentive plan (2011 LTIP)**

The 2011 LTIP was approved by the shareholders of Archant Limited at the AGM of that company on 13 April 2011.

Up to and including 31 December 2014, the only options awarded under the 2011 LTIP were made in 2011. The performance conditions were not met, and all outstanding options lapsed during 2014.

On 23 July 2015, certain employees were granted Approved Share 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.

For the options awarded in 2015, 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 Share Options and Unapproved Options can be exercised between the third and tenth anniversary of grant. The Remuneration Committee of Archant Limited 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.

	Approved share options		Unapproved share options	
	Number of shares	Weighted average exercise price £	Number of shares	Weighted average exercise price £
Options granted during the year	120,000	1.00	70,000	0.00
Outstanding at 31 December 2015	120,000	1.00	70,000	0.00

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>9 OTHER INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Intra group dividends	-	1,000
Intra group interest	638	217
	<hr/>	<hr/>
	<b>638</b>	<b>1,217</b>
	<hr/>	<hr/>
<b>10 INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Interest paid to group undertakings	-	10
Accrued interest on potential corporation tax liabilities	302	304
	<hr/>	<hr/>
	<b>302</b>	<b>314</b>
	<hr/>	<hr/>

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>11 TAX ON LOSS ON ORDINARY ACTIVITIES</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Current tax		
UK corporation tax on loss for the year	887	8
Tax under/(over) provided in prior years	13	(31)
	<u>900</u>	<u>(23)</u>
Deferred taxation		
Origination and reversal of timing differences	413	785
Origination and reversal of pension scheme timing differences	199	315
Adjustment in respect of prior years	(261)	-
Adjustment for change in rate of corporation tax	13	
	<u>364</u>	<u>1,100</u>
Total deferred tax		
	<u>1,264</u>	<u>1,077</u>
Total tax charge		
	<u>1,264</u>	<u>1,077</u>
<b>Analysis of tax charged/(credited) in the statement of comprehensive income</b>		
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred tax:</b>		
Movement on deferred tax asset in respect of actuarial gains and losses on defined benefit pension scheme recognised in other comprehensive income	119	(4,870)
Change in deferred tax asset on pension scheme deficit arising from a change in the rate of corporation tax	627	435
	<u>746</u>	<u>(4,435)</u>
<b>Reconciliation of the total tax charge</b>		
The differences between the total current tax shown above and the amount calculated by applying the effective standard rate of UK corporation tax of 20.25% (2014: 21.5%) to the loss before tax are as follows:		
Loss on ordinary activities before tax	(447)	(4,231)
Loss on ordinary activities multiplied by effective standard rate of corporation tax in the UK	(91)	(910)
Adjustment to current tax in respect of prior years	13	(31)
Adjustment to deferred tax in respect of prior years	(261)	-
Adjustment to deferred tax for change in rate of corporation tax	13	-
Expenses not deductible for tax purposes	166	188
Adjustment to accounting profits for capital gains	263	-
Non qualifying amortisation and impairment of intangible assets	1,697	2,160
Impairment of amounts due from subsidiary undertakings	-	-
Non taxable income	-	(215)
Non-taxable credits	(74)	(96)
Loan relationship deficits and capital losses utilised	(455)	-
Other	(7)	(19)
	<u>1,264</u>	<u>1,077</u>
Total tax charge above		
	<u>1,264</u>	<u>1,077</u>

**11 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)**

**Factors that may affect future tax charges**

The Finance (No. 2) Act 2015 enacted on 18 November 2015 reduced the rate of UK Corporation Tax to 19% from 1 April 2017 and to 18% from 1 April 2020. 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 changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the Company.

At 31 December 2014, the Group had tax losses arising in the UK of approximately £3,000,000 that were available indefinitely for offset against future taxable profits. A deferred tax asset was recognised at 31 December 2014 in respect of these losses which have been utilised in 2015.

In addition, the Company has further tax losses arising in the UK of approximately £9,700,000 (2014: £9,700,000) that may be available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses carried forward as they do not satisfy the recognition criteria for deferred tax assets under IAS 12.

The Company also has non-trade loan relationship deficits carried forward of approximately £3,000,000 (2014: £3,300,000). These non-trade loan relationships were unable to be recognised at 31 December 2014, but have been recognised at 31 December 2015.

The provision for deferred taxation, the amounts unprovided, and the movements in the provision are detailed in Note 20.

ARCHANT COMMUNITY MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

12 INTANGIBLE FIXED ASSETS	Goodwill	Newspaper titles	Magazine titles	Software	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2014	1,657	99,441	35,149	6,401	142,648
Acquisitions	-	-	-	416	416
Transfer to assets held for sale	-	-	(2,046)	-	(2,046)
Disposals	-	-	-	(531)	(531)
At 31 December 2014	1,657	99,441	33,103	6,286	140,487
Acquisitions	-	-	-	96	96
At 31 December 2015	1,657	99,441	33,103	6,382	140,583
<b>Amortisation</b>					
At 1 January 2014	281	15,197	8,438	4,905	28,821
Amortisation in the year	-	7,014	2,293	928	10,235
Impairment	-	-	1,443	-	1,443
Transfer to assets held for sale	-	-	(775)	-	(775)
Disposals	-	-	-	(515)	(515)
At 31 December 2014	281	22,211	11,399	5,318	39,209
Amortisation in the year	-	7,014	2,020	605	9,639
Impairment	-	-	-	164	164
At 31 December 2015	281	29,225	13,419	6,087	49,012
<b>Net book value</b>					
At 31 December 2015	1,376	70,216	19,684	295	91,571
At 31 December 2014	1,376	77,230	21,704	968	101,278
At 1 January 2014	1,376	84,244	26,711	1,496	113,827

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, fixed plant & machinery.

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

**Impairment of intangible fixed assets**

In accordance with IAS 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 Company.

The value in use has been derived from discounted cash flow projections using a discount rate of 10.2% (2014: 10.2%) on a post-tax basis. Cash flows for 2016 have been projected based upon management's most recent business forecast. Growth rates for cash flows beyond 2016 assume an annual RPI increase of 2.5% and no underlying growth.

ARCHANT COMMUNITY MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Motor vehicles £'000	Plant and machinery £'000	Other equipment £'000	Total £'000
<b>Cost</b>					
At 1 January 2014	3,309	39	13,817	10,244	27,409
Additions		10	97	681	788
Disposals	(90)	-	(1)	(2,179)	(2,270)
At 31 December 2014	3,219	49	13,913	8,746	25,927
Additions	68	-	171	994	1,233
Disposals	(150)	-	-	(656)	(806)
At 31 December 2015	3,137	49	14,084	9,084	26,354
<b>Depreciation</b>					
At 1 January 2014	2,354	39	4,803	8,368	15,564
Charge for year	332	-	2,195	853	3,380
Disposals	(90)	-	(1)	(2,178)	(2,269)
At 31 December 2014	2,596	39	6,997	7,043	16,675
Charge for year	320	10	1,792	827	2,949
Disposals	(150)	-	-	(619)	(769)
At 31 December 2015	2,766	49	8,789	7,251	18,855
<b>Net book amount</b>					
At 31 December 2015	371	0	5,295	1,833	7,499
At 31 December 2014	623	10	6,916	1,703	9,252
At 1 January 2014	955	0	9,014	1,876	11,845

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, fixed plant & machinery.

ARCHANT COMMUNITY MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14 FIXED ASSET INVESTMENTS	Note	Subsidiary undertakings £'000	Unlisted investments £'000	Total £'000
<b>At cost or fair value:</b>				
At 1 January 2014		146,578	650	147,228
Fair value adjustment through other comprehensive income		-	909	909
Prior year correction		(146,114)	-	(146,114)
At 31 December 2014		464	1,559	2,023
Additions	29	-	418	418
Fair value adjustment through income statement	29	-	(418)	(418)
At 31 December 2015		464	1,559	2,023
<b>Amounts provided:</b>				
At 1 January 2014		146,114	-	146,114
Prior year correction		(146,114)	-	(146,114)
At 31 December 2014		-	-	-
At 31 December 2015		-	-	-
<b>Net book value:</b>				
At 31 December 2015		464	1,559	2,023
At 31 December 2014		464	1,559	2,023
At 1 January 2014		464	650	1,114

Prior year correction

As part of the Archant Group's restructuring in 2011, certain subsidiaries of the Company transferred all of their activities, assets and liabilities to the Company, and underwent capital reductions. In consequence, the Company made provision to reduce the carrying value of those subsidiary companies to their net asset values. The subsidiaries concerned were then transferred to a fellow subsidiary company at carrying value. This final transaction was omitted from the Company's statutory accounts for the year ended 31 December 2011, and was corrected in 2014.

The unlisted investments are non-controlling interests and include a strategic holding of 10.0% in Streetbook Limited.

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

The Company's principal subsidiary undertakings are:

Company	Country of incorporation	Holding ordinary shares	Activity
Archant Properties Limited	England	100%	Property
Mustard TV Limited	England	100%	Local television broadcaster
The British Connection, Inc	United States of America	100%	Magazine distribution

**Impairment of investments in subsidiary undertakings**

In the opinion of the directors the value of the investments is not less than their book value.

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>15 INVENTORIES</b>	<b>31 December 2015 £'000</b>	<b>31 December 2014 £'000</b>	<b>1 January 2014 £'000</b>
Newsprint, paper, inks and printing materials	499	808	793
Engineering and mechanical spares	285	332	414
Other	16	21	46
	<u>800</u>	<u>1,161</u>	<u>1,253</u>

The cost of inventories for newsprint, paper, inks and printing materials recognised as an expense in the year was £8,999,000 (2014: £10,234,000). The cost of inventories for engineering and mechanical spares recognised as an expense in the year was £39,000 (2014: £107,000). Provisions against inventories for engineering and mechanical spares of £138,000 (2014: £179,000) were charged in operating expenses.

<b>16 TRADE AND OTHER RECEIVABLES</b>	<b>31 December 2015 £'000</b>	<b>31 December 2014 £'000</b>	<b>1 January 2014 £'000</b>
Trade receivables	11,546	11,443	12,437
Less provision for impairment of receivables	(172)	(132)	(171)
Trade receivables - net	<u>11,374</u>	<u>11,311</u>	<u>12,266</u>
Other receivables	1,758	1,299	2,468
Prepayments and accrued income	1,234	1,560	1,780
Amounts due from group companies	33,282	20,886	11,086
	<u>47,648</u>	<u>35,056</u>	<u>27,600</u>

<b>Analysis of trade and other receivables:</b>	<b>31 December 2015 £'000</b>	<b>31 December 2014 £'000</b>	<b>1 January 2,014 £'000</b>
Non-current			
Other receivables	184	135	322
Amounts due from group companies	32,647	20,755	10,971
Total non-current	<u>32,831</u>	<u>20,890</u>	<u>11,293</u>
Current	14,817	14,166	16,307
	<u>47,648</u>	<u>35,056</u>	<u>27,600</u>

As at 31 December 2015, trade receivables of £172,000 (2014: £132,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	<b>2015 £'000</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
At start of the year	(132)	(171)	(310)
Charged in the income statement	(143)	(241)	(394)
Utilised	103	280	533
	<u>(172)</u>	<u>(132)</u>	<u>(171)</u>

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



**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**16 TRADE AND OTHER RECEIVABLES (continued)**

As at 31 December 2015, trade receivables of £3,746,000 (2014: £3,814,000) were past due but not impaired. The ageing analysis of the past due amounts is as follows:

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Neither past due nor impaired	7,628	7,497	8,010
Past due but not impaired:			
Less than 30 days	2,676	3,010	3,345
From 30 to 60 days	810	622	670
From 61 to 90 days	245	162	215
More than 90 days	15	20	26
At end of year	11,374	11,311	12,266

**17 HELD FOR SALE ASSETS**

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Magazine titles	-	1,271	-

At 31 December 2014, certain magazine titles were held for sale. The sale was completed on 2 April 2015 with proceeds net of transaction costs of £1,898,000 (including £1,570,000 for the associated subscriptions in advance liabilities, representing cash previously received by the Company), resulting in a profit on disposal of £627,000.

**18 TRADE AND OTHER PAYABLES**

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Trade payables	2,385	3,100	3,589
Other taxation and social security payable	2,235	2,268	2,778
Other payables	2,358	1,726	1,808
Accruals and deferred income	11,637	9,926	9,595
Amounts due to group companies	49	511	525
Subscriptions in advance	1,528	2,030	2,002
	20,192	19,561	20,297
Current	19,988	19,383	20,000
Non-current	204	178	297
	20,192	19,561	20,297

**19 PROVISIONS FOR LIABILITIES**

	Dilapidations £'000	Newspaper Society pension scheme deficit £'000	Share-based payment £'000	Total £'000
Balance at 1 January 2014	446	-	-	446
Provided during the year	72	254	-	326
Utilised during the year	(146)	(26)	-	(172)
Balance at 31 December 2014	372	228	-	600
Provided during the year	(19)	-	8	(11)
Utilised during the year	(83)	(26)	-	(109)
Balance at 31 December 2015	270	202	8	480

ARCHANT COMMUNITY MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

19 PROVISIONS FOR LIABILITIES (continued)

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Current	47	178	179
Non-current	433	422	267
	<u>480</u>	<u>600</u>	<u>446</u>

The timing of the settlement of the obligations for dilapidations is dependent on the termination of the various leases. 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 Company 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.

The provision for share-based payment comprises national insurance on the cost of share options granted under the Long Term Incentive Plan, recognised in equity.

20 DEFERRED TAXATION ASSET

Deferred tax recognised in the financial statements is as follows:	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Non-current asset	<u>6,188</u>	<u>7,299</u>	<u>3,964</u>

The movements in the deferred taxation asset are as follows:

	Pension temporary differences £'000	Accelerated capital allowances £'000	Short-term timing differences £'000	Losses carried forward £'000	Loan relationship deficits £'000	Total £'000
At 1 January 2014	2,472	(260)	119	1,633	-	3,964
Credit/charge to:						-
Income statement	(315)	280	(44)	(1,021)	-	(1,100)
Other comprehensive income	4,435	-	-	-	-	4,435
	<u>6,592</u>	<u>20</u>	<u>75</u>	<u>612</u>	<u>-</u>	<u>7,299</u>
Credit/charge to:						
Income statement	(199)	193	5	(612)	248	(365)
Other comprehensive income	(746)	-	-	-	-	(746)
At 31 December	<u>5,647</u>	<u>213</u>	<u>80</u>	<u>-</u>	<u>248</u>	<u>6,188</u>

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

	31 December 2015	31 December 2014	1 January 2014
Losses carried forward	1,937	1,937	1,991
Loan relationship deficits carried forward	-	663	675
	<u>1,937</u>	<u>2,600</u>	<u>2,666</u>

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>21 CALLED UP SHARE CAPITAL</b>	<b>31 December 2015 £'000</b>	<b>31 December 2014 £'000</b>	<b>1 January 2014 £'000</b>
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**Allotted, called up and fully paid**

560,222,930 (2014: 560,222,930) ordinary shares of 20p each

112,044	112,044	112,044
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<b>22 SHARE PREMIUM</b>	<b>31 December 2015 £'000</b>	<b>31 December 2014 £'000</b>	<b>1 January 2014 £'000</b>
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At 1 January and 31 December

5,369	5,369	5,369
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**23 OTHER RESERVES**

	<b>Fair value reserve £'000</b>	<b>Share-based payments £'000</b>	<b>Translation reserve £'000</b>	<b>Other reserves £'000</b>
At 1 January 2014	518	-	(20)	498
Other comprehensive income:				
Fair value of unlisted investments	909	-	-	909
Foreign currency translation	-	-	31	31
At 31 December 2014	1,427	-	11	1,438
Other comprehensive income:				
Foreign currency translation	-	-	13	13
Credit to equity for share-based payment	-	57	-	57
At 31 December 2015	1,427	57	24	1,508

**24 OPERATING LEASE RENTALS**

The Company 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:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2015 £'000</b>	<b>2014 £'000</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Operating leases which expire:				
No later than one year	59	44	117	491
Later than one year and no later than five years	903	1,466	2,277	1,342
Later than five years	2,791	3,043	-	-
Later than one year and no later than five years intra group	959	2,867	-	-
	4,712	7,420	2,394	1,833

The Company has sub-let two operating leases (2014: two) and the future aggregate minimum sub-lease amounts expected to be received amount to £73,000 (2014: £131,000).

## **ARCHANT COMMUNITY MEDIA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **25 FINANCIAL AND CAPITAL RISK MANAGEMENT**

The Company currently derives its funding from share capital, retained profits and bank borrowing through the Archant Group bank facilities. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, provide returns to shareholders and to maintain a prudent level of debt funding.

The Company's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations. The Company's principal financial liabilities comprise trade and other payables and bank borrowings. The main purpose of these financial liabilities is to finance the Company's operations.

The Board of the parent company 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 objective is to minimise borrowing costs and maximise returns on funds, subject to short-term liquidity requirements.

##### **Financial risk factors**

The Company's principal financial risks are liquidity risk and interest rate risk. The Company has limited exposure to foreign exchange risk, credit risk and commodity price risk. The Company's senior management oversees the management of these risks within an overall risk strategy which seeks to minimise potential adverse effects on the Company'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 of the parent company. The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on its borrowing facilities. Surplus cash is managed on a Group basis, and is invested in time deposits and money market deposits with appropriate maturities to ensure sufficient headroom within the cash flow forecasts. At 31 December 2015, the amount available to the Group under the term facility, which expires on 30 June 2019, was £17m. In addition, the Group has an overdraft facility of £3m which is repayable on demand. £20m of these facilities remained undrawn at the year end, and the Company considers that it should be able to operate within the level of its current facilities.

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

##### **Interest rate risk**

The Company's interest rate risk arises on the loan to the Company's ultimate parent company, which carries interest at a commercial margin above bank base rate. As a result, the Company is exposed to interest rate risk on the interest receivable on the loan balance due from the ultimate parent company.

## ARCHANT COMMUNITY MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 25 FINANCIAL AND CAPITAL RISK MANAGEMENT

##### Foreign exchange risk

The Company has a subsidiary undertaking in the United States of America, which is limited in scale and largely self-financing. Therefore the Company has no foreign currency borrowings to hedge the foreign currency investment. The Company 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 Company does not use forward exchange contracts.

##### Credit risk

The Company has no significant exposure to customer credit risk, due to transactions being principally of a high volume, low value and short maturity. The Company 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 Company considers that its maximum exposure to credit risk is as follows:

	<i>Notes</i>	2015 £0	2014 £0
Trade and other receivables	16	15,001	14,301
Cash and cash equivalents		<u>5,822</u>	<u>5,846</u>
		<u>20,823</u>	<u>20,147</u>

##### Commodity price risk

The Company is affected by the price volatility of newsprint and paper which are required in its operating activities. The Company 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.

## ARCHANT COMMUNITY MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 26 PENSION COMMITMENTS

##### Defined benefit provision

The Company provides defined benefit pensions through the Archant Pension and Life Assurance Scheme ("the Scheme"), which has a defined benefit section ("the DBS"), and a senior management section ("the SMS"). The DBS and SMS were closed to new entrants in February 1998.

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The directors of the Trustee Company (the "Trustee Directors") of the fund are required to act in the best interest of the fund's beneficiaries. The Archant Group has a policy that at least one-third of all Trustee Directors should be nominated by members of the Scheme, including at least one member by current pensioners.

In 2009 the Archant Group amended the definition of final pensionable salary such that pensionable earnings used to calculate final salary pension benefits became capped at the employees' pensionable earnings in the twelve months prior to 1 December 2009. Members of the DBS continue to accrue additional pensionable years of service at their current accrual rate for the purpose of calculating pension benefit. The level of retirement benefit is based principally on years of pensionable service and final pensionable salary, subject to the 2009 Cap.

Contribution rates to the DBS and SMS 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 (with support from the Company) agreed to purchase an insurance contract with Partnership Life Assurance Company Limited. This insurance contract 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 Archant Pension & Life Assurance Scheme. These risks specifically concentrated around the predefined group due to their proportionately higher individual liability.

The purchase of the annuities for £20.4m was completed in January 2016, and was funded by the liquidation of Scheme assets, with £15m from the Scheme's corporate bond fund, £5.2m from the Scheme's equity holdings and the residual balance from the Trustee bank account.

At 31 December 2015, the present value of the obligations to these pensioners was £17.3m resulting in a £3.1m shortfall to the fund shown as a deduction from the Scheme assets.

Individual pensioners' pensions are not affected by this investment and the insurance contract is treated as an asset of the Scheme.

##### Defined contribution provision

Following the closure of the DBS to new entrants in February 1998, membership of a defined-contribution section of the Scheme ("the DCS") was available. The DCS was closed to new entrants on 31 December 2012 and from 1 January 2013 contributions for former members of the DCS and new entrants have been paid into a new defined-contribution scheme, the Archant Pension Plan ("the APP").

The Company cost of defined contribution pensions is disclosed in Note 6.

##### Other pension provision

The Company 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.

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**26 PENSION COMMITMENTS (continued)**

**Pension disclosure under IAS 19**

The Company has incorporated the pension scheme deficit in full on the grounds that the share of the assets and liabilities for Archant Limited, the only other participating company, would not be material in relation to the overall deficit.

The following information shows the results for the Scheme measured in accordance with IAS 19, based on the most recent actuarial valuation at 1 January 2014 ("the Valuation") updated to 31 December 2015 by an independent actuary.

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

	2015 £'000	2014 £'000	2013 £'000
Equity instruments	76,227	78,039	79,031
Debt instruments	28,712	30,765	40,054
Investment funds	50,411	46,911	32,582
Assets held by insurance company	17,393	244	-
Insurance contract	(20,417)	-	-
Bank and cash balances	1,731	1,494	1,402
	<hr/>	<hr/>	<hr/>
Fair value of the Scheme assets	154,057	157,453	153,069
	<hr/>	<hr/>	<hr/>
Present value of funded obligations	185,063	189,911	164,284
Present value of unfunded obligations	363	501	556
	<hr/>	<hr/>	<hr/>
	185,426	190,412	164,840
	<hr/>	<hr/>	<hr/>
Deficit	31,369	32,959	11,771
	<hr/>	<hr/>	<hr/>

The unfunded obligations are in respect of the ex gratia pensions paid by the Company. 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**

	2015 £'000	2014 £'000
Shortfall in Scheme at beginning of year	(32,959)	(11,771)
Movements:		
Total recognised in the income statement	(2,230)	(1,678)
Employer contributions	3,225	3,091
Total gains/(losses recognised in equity)	595	(22,601)
	<hr/>	<hr/>
Shortfall in Scheme at end of year	(31,369)	(32,959)
	<hr/>	<hr/>

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**26 PENSION COMMITMENTS (continued)**

The amounts recognised in the income statement are as follows:

	2015 £'000	2014 £'000
Current service cost	829	953
Administrative expenses	261	247
Operating expenses	1,090	1,200
Interest on funded obligations	5,992	6,515
Interest on unfunded obligations	23	26
Interest income on scheme assets	(4,875)	(6,063)
Finance expense on pension	1,140	478
Total recognised in the income statement	2,230	1,678
Actual return on scheme assets	2,113	7,887

Changes in the present value of the scheme obligation are as follows:

	2015 £'000	2014 £'000
Opening scheme obligation – funded obligations	189,911	164,284
Opening scheme obligation – unfunded obligations	501	556
Total opening scheme obligation	190,412	164,840
Current service cost	829	953
Interest expense - funded obligations	5,992	6,515
Interest expense - unfunded obligations	23	26
DBS benefit payments from plan assets	(7,176)	(6,621)
DCS benefit payments from plan assets	(1,272)	(764)
Participant contributions	6	7
Insurance premiums for risk benefits	(218)	(24)
Remeasurements		
Effect of changes in demographic assumptions	2,375	2,170
Effect of changes in financial assumptions	(6,461)	19,036
Effect of experience adjustments	825	3,219
Effect of changes in DCS fund values	252	1,136
Ex gratia benefit payments	(65)	(81)
Ex gratia remeasurements	(96)	-
Closing scheme obligation	185,426	190,412



**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**26 PENSION COMMITMENTS (continued)**

**Closing scheme obligation:**

Funded obligations	185,063	189,911
Unfunded obligations	363	501
	<hr/>	<hr/>
	185,426	190,412
	<hr/>	<hr/>

**The funded obligations by participant status comprise:**

Active members	24,243	23,867
Deferred members	77,517	79,477
Pensioners		
	83,303	86,567
	<hr/>	<hr/>
	185,063	189,911
	<hr/>	<hr/>

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 benefit payments in the next ten years are:**

	2015 £'000
In the years 2016 to 2020	33,091
In the years 2021 to 2025	34,876
	<hr/>
	67,967
	<hr/>

**Changes in the fair value of scheme assets are as follows:**

	2015 £'000	2014 £'000
Opening fair value of scheme assets	157,453	153,069
Interest income on the Scheme assets	4,875	6,063
Contributions by employer	3,225	3,091
Participant contributions	6	7
DBS benefit payments from plan assets	(7,176)	(6,621)
DCS benefit payments from plan assets	(1,272)	(764)
Ex gratia benefit payments	(65)	(81)
Administrative expenses paid from plan assets	(261)	(247)
Insurance premiums for risk benefits	(218)	(24)
Effects of changes in DCS fund values	252	1,136
Remeasurement - return on plan assets excluding interest income	(2,762)	1,824
	<hr/>	<hr/>
Closing fair value of scheme assets	154,057	157,453
	<hr/>	<hr/>

**ARCHANT COMMUNITY MEDIA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

**26 PENSION COMMITMENTS (continued)**

**Assumptions**

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

	2015 Non-insured members %	2015 Insured members %	2014 %
Rate of increase in salaries	-	-	-
Rate of increase in deferred pensions	2.00	1.90	2.00
Rate of statutory increase to relevant pension elements	2.95	2.85	2.90
Discount rate	3.83	3.68	3.59
Inflation	3.00	2.90	2.95

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

	2015 Non-insured members years	2015 Insured members years	2014 All members years
Retiring today			
Males	22.5	23.5	22.7
Retiring in 20 years			
Male	-	24.6	24.8

**Sensitivity analysis of the principal assumptions used to measure 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 3.5%
Rate of inflation	Increase by 0.25%	Increase by 2.3%
Life expectancy	Increase by 1 year	Increase by 2.5%

Following the Valuation the parent company 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 four 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 Company expects to contribute approximately £3,200,000 to the Scheme in 2016.

## **ARCHANT COMMUNITY MEDIA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

#### **27 CONTINGENT LIABILITY**

The Company, together with certain other companies in the Archant Group, has provided a floating charge over the undertaking, property, assets and rights of the Company, and a cross guarantee to secure sums drawn by the Archant Group under the revolving credit facilities with The Royal Bank of Scotland plc. Details of the RBS facility are contained in the Archant Limited Group financial statements.

The Company has a potential liability for rent and other outgoings on a small number of properties occupied by a former subsidiary, where the Company provided a guarantee that they would ensure that the former subsidiary met their obligations under the lease. The leases on the properties concerned expire in 2018. No claims have been received by the Company at the date of this report.

#### **28 CAPITAL COMMITMENTS**

Contracts entered into, but not provided for, for property, plant and equipment amounted to £61,000 (2014: £81,000).

#### **29 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 from disclosing transactions with related parties that are wholly owned subsidiaries of the Archant Limited group.

In July 2015, the Group acquired a 16.67% equity holding in WiSpire Limited (WiSpire), a provider of high-speed broadband to rural communities in Norfolk, at a cost of £40,000 including associated legal costs. Following the investment, the Group have provided marketing and accounting services to WiSpire to the value of £40,000, and also advanced a convertible loan of £378,000. As the planned expansion of WiSpire's business is in its early stages, the recovery of the investment and loan is uncertain, and full provision has been made for the non-recovery of these items.

#### **30 CASH FLOW STATEMENT**

The Company has taken advantage of the dispensation under paragraph 8(h) FRS 101 not to publish a cash flow statement. The cash flow statement of the Group is published in the financial statements of Archant Limited.

#### **31 ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent undertaking is Archant Community Media Holdings Limited.

The Company's ultimate parent undertaking is Archant Limited. The results of the Company are included within these group accounts which are available from The Registrar, Companies House, Crown Way, Maindy, Cardiff.

## ARCHANT COMMUNITY MEDIA LIMITED

### APPENDIX - TRANSITION TO FRS101

**This Appendix does not form part of the financial statements of Archant Community Media Limited**

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this Appendix explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

#### ***Exemptions applied***

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRSs as effective for December 2015 year end retrospectively. The Company has taken the following exemptions:

- ▶ As allowed under IFRS 1, the Company has elected to regard the carrying values of investments in subsidiaries as their deemed costs as at the date of transition.
- ▶ IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before 1 January 2014.
- ▶ Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2014.
- ▶ IFRS 2 *Share-based Payment* has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005. This treatment is consistent with the transitional provisions taken when the Company adopted FRS 20, the UK equivalent standard.
- ▶ Cumulative actuarial gains and losses on pensions and other post employment benefits are recognised in full in equity at the date of transition to IFRS. This is the same treatment as under UK GAAP.

**ARCHANT COMMUNITY MEDIA LIMITED**

**APPENDIX - TRANSITION TO FRS101**

This Appendix does not form part of the financial statements of Archant Community Media Limited

**Reconciliation of profit and loss for the year ended 31 December 2014**

	UK GAAP	FRS 101	IFRS
	REMEASUREMENTS		
<i>Notes</i>	£'000	£'000	£'000
<b>REVENUE</b>	120,845	-	120,845
Other operating income	479	-	479
Operating costs	(125,776)	(204)	(125,980)
<b>OPERATING LOSS</b>	(4,452)	(204)	(4,656)
Finance income	1,217	-	1,217
Finance costs	(314)	-	(314)
Finance income/(expense) on pension assets/liabilities	750	(1,228)	(478)
<b>LOSS BEFORE TAXATION</b>	(2,799)	(1,432)	(4,231)
Income tax expense	(1,381)	304	(1,077)
<b>LOSS FOR THE YEAR</b>	(4,180)	(1,128)	(5,308)

**IFRS REMEASUREMENTS TO INCOME STATEMENT**

T1. Changes to operating profit	Note	2014 £'000
Change in recognition of operating costs under IAS 19	T11	(289)
Reversal of amortisation on goodwill	T12	116
Reduced depreciation charge on reclassification of software to intangibles		928
Increased amortisation charge on reclassification of software to intangibles		(928)
Exchange differences on translation of foreign operations	T10	(31)
Change in operating profit		(204)

**ARCHANT COMMUNITY MEDIA LIMITED**

**APPENDIX - TRANSITION TO FRS101**

This Appendix does not form part of the financial statements of Archant Community Media Limited

**Statement of financial position at 1 January 2014**

		UK GAAP	UK GAAP adjustments	FRS 101 reclassifications	FRS 101 remeasurements	FRS 101
	Notes	£'000	£'000	£'000	£'000	£'000
<b>NON-CURRENT ASSETS</b>						
Intangible fixed assets	T2	112,331	-	1,496	-	113,827
Property, plant and equipment	T2	13,339	-	(1,496)	2	11,845
Investments	T8	597	-	-	517	1,114
Other receivables	T5	-	-	11,293	-	11,293
Deferred tax asset	T4	-	-	3,964	-	3,964
		126,267	-	15,257	519	142,043
<b>CURRENT ASSETS</b>						
Inventories		1,253	-	-	-	1,253
Trade and other receivables	T5	29,730	-	(13,423)	-	16,307
Cash and cash equivalents		5,547	-	-	-	5,547
		36,530	-	(13,423)	-	23,107
<b>HELD FOR SALE ASSETS</b>						
		-	-	-	-	-
<b>TOTAL ASSETS</b>		162,797	-	1,834	519	165,150
<b>CURRENT LIABILITIES</b>						
Trade and othe payables	T6	30,743	-	(10,745)	2	20,000
Current tax liabilities	T6	-	-	9,810	-	9,810
Provisions	T7	-	-	179	-	179
		30,743	-	(756)	2	29,989
<b>NON-CURRENT LIABILITIES</b>						
Trade and othe payables	T6	-	-	297	-	297
Provisions	T7	446	-	(179)	-	267
Defined benefit pension liability	T4	9,299	-	2,472	-	11,771
		9,745	-	2,590	-	12,335
<b>TOTAL LIABILITIES</b>		40,488	-	1,834	2	42,324
<b>NET ASSETS</b>		122,309	-	-	517	122,826
<b>EQUITY</b>						
Called up share capital		112,044	-	-	-	112,044
Share premium account		5,369	-	-	-	5,369
Other reserves	T9	-	1	-	497	498
Profit and loss account	T10	4,896	(1)	-	20	4,915
<b>TOTAL EQUITY</b>		122,309	-	-	517	122,826

**ARCHANT COMMUNITY MEDIA LIMITED**

**APPENDIX - TRANSITION TO FRS101**

This Appendix does not form part of the financial statements of Archant Community Media Limited

**Statement of financial position at 31 December 2014**

		<i>UK GAAP</i>	<i>UK GAAP</i>	<i>FRS 101</i>	<i>FRS 101</i>	<i>FRS 101</i>
			<i>adjustments</i>	<i>reclassifications</i>	<i>remeasurements</i>	
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>NON-CURRENT ASSETS</b>						
Intangible fixed assets	T2, T3, T12	101,465	-	(303)	116	101,278
Property, plant and equipment	T2	10,219	1	(968)	-	9,252
Investments	T8	597	(1)	-	1,427	2,023
Other receivables	T5	-	-	20,890	-	20,890
Deferred tax asset	T4	-	-	7,299	-	7,299
		112,281	-	26,918	1,543	140,742
<b>CURRENT ASSETS</b>						
Inventories		1,161	-	-	-	1,161
Trade and other receivables	T5	36,196	-	(22,030)	-	14,166
Cash and cash equivalents		5,846	-	-	-	5,846
		43,203	-	(22,030)	-	21,173
<b>HELD FOR SALE ASSETS</b>						
	T3	-	-	1,271	-	1,271
<b>TOTAL ASSETS</b>						
		155,484	-	6,159	1,543	163,186
<b>CURRENT LIABILITIES</b>						
Trade and othe payables	T6	29,768	-	(10,385)	-	19,383
Current tax liabilities	T6	-	-	9,774	-	9,774
Provisions	T7	-	-	178	-	178
		29,768	-	(433)	-	29,335
<b>NON-CURRENT LIABILITIES</b>						
Trade and othe payables	T6	-	-	178	-	178
Provisions	T7	600	-	(178)	-	422
Defined benefit pension liability	T4	26,367	-	6,592	-	32,959
		26,967	-	6,592	-	33,559
<b>TOTAL LIABILITIES</b>						
		56,735	-	6,159	-	62,894
<b>NET ASSETS</b>						
		98,749	-	(1)	1,543	100,292
<b>EQUITY</b>						
Called up share capital		112,044	-	-	-	112,044
Share premium account		5,369	-	-	-	5,369
Other reserves	T9	-	-	-	1,438	1,438
Profit and loss account	T10	(18,664)	-	-	105	(18,559)
<b>TOTAL EQUITY</b>						
		98,749	-	-	1,543	100,292

## ARCHANT COMMUNITY MEDIA LIMITED

### APPENDIX - TRANSITION TO FRS101

This Appendix does not form part of the financial statements of Archant Community Media Limited

#### FRS 101 RECLASSIFICATIONS

##### T2. Software and website development costs

Under IAS 38, software and website development costs are treated as intangible assets, rather than tangible assets as under UK GAAP.

	2014 £'000	2013 £'000
Intangible assets	968	1,496
Property, plant and equipment	(968)	(1,496)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

##### T3. Assets held for sale

At 31 December 2014, the magazine portfolio comprising English Garden, English Home and Discover Britain were held for sale.

	2014 £'000	2013 £'000
Intangible assets	(1,271)	-
	<hr/>	<hr/>
Assets held for sale	1,271	-
	<hr/>	<hr/>

##### T4. Deferred tax

Under UK GAAP deferred taxation assets were classified in debtors due after more than one year. IAS 12 requires that deferred taxation amounts be classified as non-current assets. The effect of this reclassification is as follows.

	Note	2014 £'000	2013 £'000
Trade and other receivables	T5	(707)	(1,492)
Defined benefit pension liability		(6,592)	(2,472)
		<hr/>	<hr/>
Non-current deferred tax asset		7,299	3,964
		<hr/>	<hr/>



# **ARCHANT COMMUNITY MEDIA LIMITED**

## **APPENDIX - TRANSITION TO FRS101**

**This Appendix does not form part of the financial statements of Archant Community Media Limited**

## **FRS 101 RECLASSIFICATIONS**

### **T5. Trade and other receivables**

Trade and other receivables under UK GAAP included non-current amounts due from Group companies and non-current receivables for vehicle lease deposits. These have been reclassified from current assets to non-current assets as required by IFRS. Under IFRS, an expense prepayment should not be recognised if the amount charged had not been paid in full at the balance sheet date. Therefore amounts included in prepayments but unpaid at the balance sheet date under UK GAAP have been reclassified and deducted from trade and other payables.

	Note	2014 £'000	2013 £'000
Trade and other receivables - current			
Deferred taxation	T4	(707)	(1,492)
Amounts due from Group companies		(20,755)	(10,971)
Vehicle lease deposits		(135)	(322)
Unpaid prepayments		(433)	(638)
Trade and other receivables - current		(22,030)	(13,423)
Deferred taxation		707	1,492
Trade and other receivables – non-current		20,890	11,293
Trade and other payables - current		433	638
		<u>-</u>	<u>-</u>

### **T6. Trade and other payables and current tax payable**

The current tax liability has been reclassified from trade and other payables, to comply with IAS 1. In addition, vehicle manufacturer rebates are recognised over the lease terms of the relevant vehicles, and the amounts deferred to future periods are carried forward in payables. Non-current payables have been reclassified from current liabilities to non-current liabilities as required by IFRS as follows:

	2014 £'000	2013 £'000
Trade and other payables - current		
Income tax payable	9,774	9,810
Vehicle manufacturer rebates	178	297
Unpaid prepayments	433	638
Trade and other payables – non-current	(178)	(297)
Income tax payable	(9,774)	(9,810)
Trade and other receivables - current	(433)	(638)
	<u>-</u>	<u>-</u>

### **T7. Provisions**

Provisions under UK GAAP included amounts due within one year which have been reclassified from non-current provisions to current provisions as required by IFRS.

	2014 £'000	2013 £'000
Provisions - current		
Provisions – non-current	178	179
	(178)	(179)
	<u>-</u>	<u>-</u>

## ARCHANT COMMUNITY MEDIA LIMITED

### APPENDIX - TRANSITION TO FRS101

This Appendix does not form part of the financial statements of Archant Community Media Limited

### FRS 101 REMEASUREMENTS

#### T8. Unlisted investments

Under UK GAAP, fixed asset investments are held at cost less provisions for any permanent impairment. As allowed under IFRS 1, the Company has elected to regard the carrying values of investments in subsidiaries as their deemed costs as at the date of transition. Under IFRS 9, unlisted investments are initially recognised at cost and subsequently measured at their fair value at the balance sheet date. The Company's unlisted investments are included in the balance sheet at market value with any movements in fair value taken to the statement of comprehensive income.

	Note	2014 £'000	2013 £'000
Other financial assets		1,427	517
Available for sale reserve	T9	(1,427)	(517)
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

#### T9. Other reserves

Other reserves have increased as a result of the available-for sale reserve and the reserve for exchange differences on the translation of foreign operations.

	Note	2014 £'000	2013 £'000
Available for sale reserve	T8	1,427	517
Exchange differences on translation of foreign operations			
	T10	11	(20)
		<hr/>	<hr/>
Other reserves		1,438	497
		<hr/>	<hr/>

#### T10. Profit and loss account

The profit and loss account reserve has been impacted by exchange differences on the translation of foreign operations and the reversal of amortisation of goodwill previously charged under UK GAAP.

	Note	2014 £'000	2013 £'000
Exchange differences on translation of foreign operations	T9	(11)	20
Reversal of amortisation on goodwill		116	-
		<hr/>	<hr/>
		105	20
		<hr/>	<hr/>

## ARCHANT COMMUNITY MEDIA LIMITED

### APPENDIX - TRANSITION TO FRS101

This Appendix does not form part of the financial statements of Archant Community Media Limited

#### FRS 101 REMEASUREMENTS

##### T11. Adoption of IAS 19

The measurement of service cost and financing cost, and the recognition of administrative expenses paid from plan assets

	2014 £'000
Increase in service cost	42
Recognition of administrative expenses paid from plan assets	247
Change in operating profit	289
Change in basis of calculation of financing cost	1,228
Reduction in charge through STRGL under UK GAAP	(1,517)
Reduction in deferred tax charge as a result of pension changes above	(303)
Increase to deferred tax charge through other comprehensive income	303

##### T12. Business combinations

The Company has elected to take advantage of the exemption under IFRS 1 not to restate all business combinations prior to 1 January 2014. The impact of IFRS 3 and IFRS 1 on the Company's accounting for goodwill in 2014 is as follows: the value of goodwill reported under UK GAAP at 1 January 2014 is frozen; and

The method of accounting for business combinations under IFRS is different to that applied under UK GAAP. The main difference applicable to the Company relates to the amortisation of goodwill. The UK Companies Act requires goodwill to be reduced by provisions for amortisation on a systematic basis over its useful economic life. Under IFRS 3 Business Combinations goodwill is not amortised but is reviewed annually for impairment. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 20 years would have been chosen as the useful life for goodwill. The profit for the year would have been £116,000 lower had goodwill been amortised in the year.

The Company made no acquisitions in 2014.

##### T13. Short-Term Employee Benefits

The employees of the Company accrue holidays over the financial year of the Company, and the Company has a policy that all holiday must be taken in the year in which it was earned. As the benefit is non-accumulating, the Company does not accrue for any holiday entitlement earned but not taken at the balance sheet date.

Accordingly, there is no impact from IAS 19 on the Company's transition to IFRS.

**ARCHANT COMMUNITY MEDIA LIMITED**

**APPENDIX - TRANSITION TO FRS101**

**This Appendix does not form part of the financial statements of Archant Community Media Limited**

**FRS 101 REMEASUREMENTS**

**T14. Reconciliation of total comprehensive income**

The effect of the remeasurement differences on the reported total comprehensive income of the Company for the year ended 31 December 2014 is as follows:

	£'000
Total comprehensive income for the year ended 31 December 2014 under UK GAAP	(23,560)
Reversal of amortisation on goodwill (Note T1)	116
Revaluation of unlisted investments (Note T8)	909
Deferred taxation	1
Total comprehensive income for the year ended 31 December 2014 under FRS101	<u>(22,534)</u>