

Trinity Mirror North West & North Wales Limited

Registration number 127699

Report and Financial Statements

53 weeks ended 1 January 2017



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Trinity Mirror North West & North Wales Limited
(Registration number 127699)

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Officers and registered office

Directors

Simon Fox

Vijay Vaghela

T M Directors Limited

Company Secretary

T M Secretaries Limited

Registered Office

One Canada Square

Canary Wharf

London

E14 5AP

Trinity Mirror North West & North Wales Limited

(Registration number 127699)

Directors' report

The directors present their annual report and the audited financial statements for the 53 weeks ended 1 January 2017.

Results and dividends

The results for the period are set out on page 7. The profit for the period of £12,457,000 (2015: £3,497,000) has been transferred to reserves. The directors do not recommend the payment of a dividend for the period (2015: nil).

Financial position and future prospects

The financial position of the company is set out on page 8. The directors are satisfied as to the future prospects of the company.

The net assets of the company have increased by £12,457,000 (2015: £3,497,000) due to the profit for the period.

Directors

The present membership of the Board is set out on page 1. The directors who served during the period were:

Simon Fox
Vijay Vaghela
T M Directors Limited

During the period, the company has maintained adequate cover for its directors and officers under a directors' and officers' liability insurance policy.

Employee related matters

Communication and participation of employees is achieved through formal and informal management and staff briefings and where relevant, formal union procedures. Where appropriate, communication is by individual personal letter or circular. The company policy is to give fair and equal consideration to the recruitment, employment and career development of disabled persons where suitable opportunities arise and to provide such training and other assistance as may be necessary and practicable. Employees who become disabled and are unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have chosen to prepare the company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 *Reduced Disclosure Framework* has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Trinity Mirror North West & North Wales Limited
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Directors' report (continued)

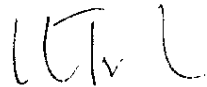
Disclosure of information to the auditors

The directors at the date of this report confirm that:

- as far as each of the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all steps he should have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved and signed on behalf of the Board of Directors.



T M Secretaries Limited
29 September 2017

Trinity Mirror North West & North Wales Limited

(Registration number 127699)

Strategic report

Principal activity

The principal activity of the company is the publishing of newspapers and related digital activities and it is part of the Publishing division of Trinity Mirror plc. Key regional titles cover Newcastle, Teesside, Liverpool and Manchester in England and Cardiff in Wales.

Business review

On 31 March 2017, the trade and assets of a number of fellow group companies were transferred to the company at net book value with consideration being intercompany through the entering into sale and purchase agreements. The effective date of these transactions was either 28 December 2015 or 2 January 2017. Note 15 sets out the assets and liabilities transferred.

Revenue, excluding the impact of the trade and asset transfers, fell by 11% from £17 million to £15 million with print revenue falling by 29% and digital revenue growing by 24%. The challenges in print advertising markets resulted in a decline in display advertising across a number of sectors, in particular retail. Most classified advertising categories also came under pressure, in particular recruitment. Strong growth in digital display and transactional revenue of 48% was partially offset by digital classified revenue declines of 14%, primarily due to falls in recruitment advertising. The growth in digital display and transactional revenue was driven by the growth in digital audience.

The circulation and readership volumes for our key regional titles are set out below:

| | 2016 Daily circulation ^a | 2015 Daily circulation ^b | Change % | 2016 Average readers ^c | 2015 Average readers ^c | Change % |
|-------------------------------|---|---|-------------|---|---|-------------|
| Manchester Evening News< | 47,052 | 52,158 | (9.8%) | 237,702 | 256,091 | (7.2%) |
| Liverpool Echo | 44,427 | 52,984 | (16.2%) | 134,796 | 154,055 | (12.5%) |
| Evening Chronicle (Newcastle) | 26,811 | 30,583 | (12.3%) | 90,584 | 113,578 | (20.2%) |
| Evening Gazette (Teesside) | 21,174 | 23,969 | (11.7%) | 65,664 | 66,299 | (1.0%) |

a Actual average ABC July to December 2016.

b Actual average ABC July to December 2015.

c JICREG January to June 2016 and January to June 2015.

< Daily circulation (Monday – Saturday) with average readers (Thursday – Friday).

Unique users and page views for our key websites are set out below:

| | 2016 Unique users [^] | 2015 Unique users [^] | Change % | 2016 Page views [^] | 2015 Page views [^] | Change % |
|-------------------------|--------------------------------------|--------------------------------------|-------------|------------------------------------|------------------------------------|-------------|
| Manchester Evening News | 10,944,551 | 8,934,088 | 23% | 51,371,323 | 40,610,142 | 26% |
| Liverpool Echo | 7,586,169 | 6,431,219 | 18% | 46,674,863 | 36,966,540 | 26% |
| Wales Online | 5,580,814 | 4,647,470 | 20% | 22,894,042 | 17,788,816 | 29% |
| Chronicle Live | 3,421,030 | 3,082,850 | 11% | 19,839,461 | 14,826,300 | 34% |
| Gazette Live | 1,522,545 | 1,322,706 | 15% | 9,863,435 | 7,872,788 | 25% |

[^] Omniture average monthly January to December 2016 verses January to December 2015. Page views excluding in galleries.

Faced with the ongoing revenue challenges, costs have been reduced through natural mitigation and cost reduction actions. Restructuring charges in respect of cost reduction measures were £1.5 million (2016: £0.7 million).

Operating profit grew by £11 million from £4 million to £15 million reflecting the increased revenues and profit from transferring the trade from fellow group companies from the start of the current period.

In the short term the directors expect continued challenges in print while continuing to drive digital and tightly managing costs to protect profits.

Trinity Mirror North West & North Wales Limited

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Strategic report (continued)

Principal risks and uncertainties

The principal risks and uncertainties outlined in the 2016 Trinity Mirror plc Annual Report for Strategy and Revenue loss are applicable to Trinity Mirror North West & North Wales Limited. Specifically, the principal risk to the company is that the structural challenges facing print media results in a faster than anticipated loss of print revenue, and the growth of other revenue streams including digital revenue is not sufficient, over time, to offset these declines. The directors look to mitigate this risk by the continuing focus on reducing costs and as well as growing digital revenue streams.

Key performance indicators

The key performance indicators that the company uses are revenue, operating profit, operating margin and audience measures. In a challenging market, as has been experienced during the period, the company seeks to target performance in line with or ahead of competitors or comparators taking account of the company's strategy.

Financial risk management policies and objectives

The company's operations expose it to a variety of financial risks that include credit and liquidity risk. The company has mechanisms in place that seek to limit the impact of the adverse effects of these risks on the financial performance of the company.

Credit risk management

Credit risk refers to the risk that a counter-party with the company will default on its contractual obligations resulting in a financial loss. Credit risk for the company considers both external and inter-group debt. In respect of external debt, the company has adopted a policy of only dealing with creditworthy counterparties and ongoing credit evaluation is performed on the financial condition of trade receivables. In respect of inter-group receivables, the position of the counter-party, and the level of support provided by the wider Trinity Mirror plc group are considered.

Liquidity risk management

The company, taking into consideration the support of the Trinity Mirror plc group as required, actively manages its finances to ensure that it has sufficient funds available for its operations and to meet its obligations.

Adoption of FRS 101

In the current period the company has adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In previous periods the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable accounting standards. An explanation of the impact of the adoption of FRS 101 for the first time is included in note 19 of these financial statements.

Going concern basis

In determining whether the company's financial statements can be prepared on a going concern basis the directors have considered the factors likely to affect the future development, performance and financial position of the company. In particular, the company has considered the implications of the challenging economic environment and the reliance on the Trinity Mirror plc group.

At the date of signing of these financial statements the directors have considered all the factors impacting the company's business, including downside sensitivities. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company's financial statements.

Approved and signed on behalf of the Board of Directors



T M Secretaries Limited

29/01/ 2017

Independent auditor's report to the members of Trinity Mirror North West & North Wales Limited (Registration number 127699)

We have audited the financial statements of Trinity Mirror North West & North Wales Limited for the 53 weeks ended 1 January 2017 which comprise the profit and loss account, the statement of changes in equity, the balance sheet and the related notes 1 to 19. 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 FRS 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 of Directors' responsibilities statement, 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 annual report 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 1 January 2017 and of its profit for the 53 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

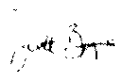
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial period 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.



Scott Bayne FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
29 September 2017

Trinity Mirror North West & North Wales Limited

(Registration number 127699)

Profit and loss account for the 53 weeks ended 1 January 2017

| | Notes | 53 weeks ended 1 January 2017 £'000 | 52 weeks ended 27 December 2015 £'000 |
|--|-------|---|---|
| Turnover | 2 | 108,112 | 16,647 |
| Cost of sales | | (52,169) | (7,885) |
| Gross profit | | 55,943 | 8,762 |
| Distribution costs | | (9,177) | (1,562) |
| Administrative expenses | | (31,432) | (2,717) |
| Profit on ordinary activities before taxation | 3 | 15,334 | 4,483 |
| Tax charge on profit on ordinary activities | 5 | (2,714) | (986) |
| Profit for the period | | 12,620 | 3,497 |

All turnover and results arose from continuing operations.

There are no recognised gains or losses other than the profit for the period. Accordingly a separate statement of other comprehensive income has not been presented.

Statement of changes in equity for the 53 weeks ended 1 January 2017

| | Called up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|--------------------------|-------------------------------------|-------------------------------------|----------------|
| At 28 December 2014 | 5,255 | 44,509 | 49,764 |
| Profit for the period | - | 3,497 | 3,497 |
| At 27 December 2015 | 5,255 | 48,006 | 53,261 |
| Profit for the period | - | 12,620 | 12,620 |
| At 1 January 2017 | 5,255 | 60,626 | 65,881 |

Trinity Mirror North West & North Wales Limited
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Balance sheet
at 1 January 2017

| | Notes | 1 January 2017 £'000 | 27 December 2015 £'000 |
|--|-------|----------------------------|------------------------------|
| Fixed assets | | | |
| Negative goodwill | 6 | (1,164) | - |
| Intangible fixed assets | 7 | 43,600 | - |
| Tangible fixed assets | 8 | 15,777 | 9,236 |
| Investments in subsidiary undertakings | 9 | - | - |
| | | <hr/> 58,213 | <hr/> 9,236 |
| Current assets | | | |
| Debtors | 10 | 15,339 | 46,811 |
| Cash at bank and in hand | | 95 | 18 |
| | | <hr/> 15,434 | <hr/> 46,829 |
| Creditors: amounts falling due within one year | 11 | (7,107) | (2,475) |
| Net current assets | | <hr/> 8,327 | <hr/> 44,354 |
| Total assets less current liabilities | | <hr/> 66,540 | <hr/> 53,590 |
| Provisions for liabilities | 12 | (659) | (329) |
| Net assets | | <hr/> 65,881 | <hr/> 53,261 |
| Equity capital and reserves | | | |
| Called up share capital | 13 | 5,255 | 5,255 |
| Profit and loss account | 13 | 60,626 | 48,006 |
| Shareholders' funds | | <hr/> 65,881 | <hr/> 53,261 |

These financial statements were approved by the Board of Directors on *29 September* 2017.

Signed on behalf of the Board of Directors



Vijay Vaghela

Trinity Mirror North West & North Wales Limited

(Registration number 127699)

Notes to the financial statements for the 53 weeks ended 1 January 2017

1. Basis of preparation and significant accounting policies

Basis of preparation

The financial statements of Trinity Mirror North West and North Wales Limited, a company incorporated in the United Kingdom under the Companies Act 2006, have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain key accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements have been prepared on a going concern basis as set out on page 5. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 4 and 5. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Impact of amendments to accounting standards

None of the standards, interpretations and amendments effective for the first time from 28 December 2015 have had a material effect on the financial statements. The impact of the conversion to FRS 101 is disclosed in note 19.

The company has applied the exemption available under FRS 101 in relation to paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued and is not yet effective).

Revenue recognition

Revenue is measured at the fair value of the consideration received, net of applicable discounts and value added tax. Circulation revenue is recognised at the time of sale. Print advertising revenue is recognised upon publication. Digital advertising revenue is recognised over the period of the online campaign. Other revenue is recognised at the time of sale or provision of service.

Tax

Corporation tax payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Trinity Mirror North West & North Wales Limited

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Notes to the financial statements for the 53 weeks ended 1 January 2017

1. Basis of preparation and significant accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised. Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in periods in which the acquired non-monetary assets are recovered through depreciation or sale.

Intangible fixed assets

Acquired intangible assets relating to newspaper titles are separately identified and are stated at cost at the date of acquisition. The directors are of the opinion that, based on the age of the titles and their position in the market place, in current circumstances, the titles acquired have an indefinite economic life and have therefore not been amortised but are subject to annual impairment reviews. For the purpose of impairment testing newspaper titles are tested annually or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate. An impairment loss is recognised in the profit and loss account in the period it occurs and is not reversed in subsequent periods.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis in order to write off the tangible fixed assets over their expected useful lives. Provision is made if appropriate for any impairment in value. No depreciation is provided on freehold land. The useful lives on which depreciation rates are based is: Freehold buildings 50 years, Leasehold properties over the term of the lease, Plant and machinery 3 to 25 years and Fixtures and fittings 3 to 25 years.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for any impairment. An impairment review is undertaken at each reporting date or more frequently when there is an indication that the recoverable amount is less than the carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows of the cash-generating units relating to the investment are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of the cash-generating units relating to the investment is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it occurs and may be reversed in subsequent periods.

Financial instruments

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

Trade payables

Trade payables are not interest bearing. Payments occur over a short period and are subject to an insignificant risk of changes in value. Therefore balances are stated at their nominal value.

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Notes to the financial statements for the 53 weeks ended 1 January 2017

1. Basis of preparation and significant accounting policies (continued)

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 reporting date, and are discounted to present value where the effect is material.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the company. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Benefits received as incentives to enter into the agreement are spread on a straight-line basis over the lease term.

Pensions

The company contributes to certain group defined contribution pension schemes.

The amount charged to the profit and loss account is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Consolidated financial statements and cash flows

The company is exempt under Section 400 of the Companies Act 2006 from preparing group financial statements for the company and its subsidiaries, as the company is a wholly owned subsidiary of a company incorporated and registered in England and Wales. Therefore, these financial statements represent those of the company and not the group. The company is a wholly owned subsidiary, and the cash flows of the company are included in the consolidated cash flow statement of its parent undertaking which is publicly available. Consequently the company is exempt under the provisions of IAS 7 'Statement of Cash Flows' from publishing a separate cash flow statement.

Financial instruments – disclosures

The company has taken advantage of the exemption provided in IFRS 7 'Financial Instruments: Disclosures' and the financial instruments - disclosures of the company are included in the consolidated financial statements of its parent undertaking which is publicly available.

Related party transactions

The company have taken advantage of the exemptions of IAS 24 'Related Party Disclosures' and the disclosures relating to related parties of the company are included in the consolidated financial statements of its parent undertaking which is publicly available.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of intangible assets (note 7)

There is uncertainty in the value in use calculation. The most significant area of uncertainty relates to expected future cash flows for each cash-generating unit. Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which these have been allocated. It also requires assessment of the appropriateness of the cash-generating unit at each reporting date. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Projections are based on both internal and external market information and reflect past experience. The discount rate reflects a long-term equity and debt mix based on the period end enterprise value assuming a long-term debt to EBITDA ratio of 2.5 times.

Critical judgements in applying the company's accounting policies

In applying the company's accounting policy, described above, no critical judgements were identified.

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(Registration number 127699)

Notes to the financial statements for the 53 weeks ended 1 January 2017

2. Turnover

| | 53 weeks ended 1 January 2017 £'000 | 52 weeks ended 27 December 2015 £'000 |
|---------------------------|---|---|
| Circulation | 27,394 | - |
| Advertising | 48,286 | 2,014 |
| Other | 11,218 | 9,064 |
| Print | 86,898 | 11,078 |
| Display and transactional | 15,925 | 3,372 |
| Classified | 5,289 | 2,197 |
| Digital | 21,214 | 5,569 |
| Total revenue | 108,112 | 16,647 |

Turnover is comprised of sales in the United Kingdom.

3. Result for the period

| | 53 weeks ended 1 January 2017 £'000 | 52 weeks ended 27 December 2015 £'000 |
|---|---|---|
| Profit on ordinary activities before tax is after charging/(crediting): | | |
| Depreciation of owned assets | 1,091 | 583 |
| Negative goodwill | (163) | - |
| Profit on sale of land and buildings | 302 | - |
| Rentals under operating leases for property | 147 | 23 |
| Rentals under operating leases for other | 674 | 180 |
| Restructuring costs | 1,541 | 1,376 |

The auditor's remuneration of £96,000 (2015: £6,000) for the audit of the statutory accounts of this company has been borne and not recharged by another group company.

Trinity Mirror North West & North Wales Limited

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Notes to the financial statements for the 53 weeks ended 1 January 2017

4. Information regarding directors and employees

The company has incurred the following staff costs in relation to employees within the Publishing division of Trinity Mirror plc group:

| | 53 weeks ended 1 January 2017 £'000 | 52 weeks ended 27 December 2015 £'000 |
|-----------------------|---|---|
| Wages and salaries | 20,989 | 2,015 |
| Social security costs | 2,204 | 331 |
| Pension costs | 1,005 | 153 |
| | <u>24,198</u> | <u>2,499</u> |

The average weekly number of employees whose costs are included in staff costs is set out below:

| | No. | No. |
|--------------------------|------------|------------|
| Production and editorial | 447 | 59 |
| Sales and distribution | 253 | 76 |
| Administration | 78 | 11 |
| | <u>778</u> | <u>146</u> |

Directors' emoluments

The directors received no remuneration in respect of services to the company (2015: nil).

Pensions

The company contributes to the Trinity Mirror Pension Plan, a defined contribution scheme. Contributions to the Trinity Mirror Pension Plan, for the period were £1,005,000 (2015: £153,000). At 1 January 2017 there were no outstanding or prepaid contributions (2015: nil).

5. Tax charge on profit on ordinary activities

| | 53 weeks ended 1 January 2017 £'000 | 52 weeks ended 27 December 2015 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | <u>15,334</u> | <u>4,483</u> |
| Current tax | | |
| Corporation tax charge for the period | 3,069 | 971 |
| Prior period adjustment | - | (14) |
| Deferred tax | | |
| Deferred tax (credit)/charge for the period | (343) | 16 |
| Effect of change in rate of corporation tax | (12) | 13 |
| Tax charge in the period | <u>2,714</u> | <u>986</u> |

The standard rate of corporation tax for the period is 20% (2015: blended rate of 20.25% being a mix of 21% up to 31 March 2015 and 20% from 1 April 2015).

Trinity Mirror North West & North Wales Limited

(Registration number 127699)

Notes to the financial statements for the 53 weeks ended 1 January 2017

5. Tax charge on profit on ordinary activities (continued)

The opening deferred tax position is recalculated in the period in which a change in the standard rate of corporation tax has been enacted or substantively enacted by parliament. The change in rate from 18% to 17% in 2020 has been accounted for in the current year resulting in a £12,000 credit in the profit and loss statement (2015: change in rate from 20% to 19% in 2017 and from 19% to 18% in 2020 resulting in a £13,000 charge in the profit and loss statement).

Reconciliation of tax charge

| | 53 weeks ended 1 January 2017 % | 52 weeks ended 27 December 2015 % |
|--|---|---|
| UK effective rate of corporation tax | 20.0 | 20.3 |
| Expenses not deducted for tax purposes | 1.1 | 1.8 |
| Items not subject to tax | (3.7) | - |
| Deferred tax rate change | 0.3 | 0.3 |
| Prior period adjustment | - | (0.4) |
| | <hr/> | <hr/> |
| Tax charge rate | 17.7 | 22.0 |
| | <hr/> | <hr/> |

6. Negative goodwill

| | Total £'000 |
|-----------------------------|----------------|
| Cost | |
| At beginning of the period | - |
| Transfer in | 2,547 |
| | <hr/> |
| At end of the period | 2,547 |
| Amortisation | |
| At beginning of the period | - |
| Transfer in | (1,220) |
| Amortisation for the period | (163) |
| | <hr/> |
| At end of the period | (1,383) |
| Net book value | |
| At end of the period | 1,164 |
| | <hr/> |
| At beginning of the period | - |
| | <hr/> |

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7. Intangible fixed assets

| | Publishing rights and titles £'000 |
|--------------------------------|--|
| Cost and net book value | |
| At beginning of the period | - |
| Transfer in | 43,600 |
| At end of the period | 43,600 |

The directors carried out an impairment review of intangible assets which has resulted in no impairment.

The impairment review used a pre-tax discount rate of 12.2% (2015: 14.1%). The growth rates for the next three years are internal projections based on both internal and external market information and reflect past experience of and the risk associated with each asset. The growth rate for the cash flow projections beyond the next three years is 0% due to the maturity of the print media sector market.

The investment impairment review is sensitive to a change in key assumptions used in the value in use calculations relating to the discount rate and future growth rates. A reasonably possible change of 1% in the discount rate or of 1% in the growth rate beyond 2018 would not change the conclusion of the impairment review.

8. Tangible fixed assets

| | Land and buildings Freehold £'000 | Leasehold £'000 | Fixtures, fitting, plant and machinery £'000 | Total £'000 |
|---------------------------------|---|--------------------|--|----------------|
| Cost | | | | |
| At beginning of the period | 13,924 | 9 | 10,496 | 24,429 |
| Transfer in | 18,695 | 1,640 | 8,850 | 29,185 |
| Write off of assets | - | - | (2,675) | (2,675) |
| Disposals | (8,656) | - | (599) | (9,255) |
| At end of the period | 23,963 | 1,649 | 16,072 | 41,684 |
| Accumulated depreciation | | | | |
| At beginning of the period | 5,041 | 9 | 10,143 | 15,193 |
| Transfer in | 6,383 | 187 | 7,713 | 14,283 |
| Charge for the period | 634 | 36 | 421 | 1,091 |
| Write off of assets | - | - | (2,675) | (2,675) |
| Disposals | (1,422) | - | (563) | (1,985) |
| At end of the period | 10,636 | 232 | 15,039 | 25,907 |
| Net book value | | | | |
| At end of the period | 13,327 | 1,417 | 1,033 | 15,777 |
| At beginning of the period | 8,883 | - | 353 | 9,236 |

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9. Investments in subsidiary undertakings

| | Investments in subsidiary undertakings £'000 |
|------------------------------------|---|
| Cost and net book value | |
| At beginning and end of the period | 15,322 |
| Provision for impairment | |
| At beginning and end of the period | 15,322 |
| Net book value | |
| At beginning and end of the period | - |

A full list of subsidiaries is appended on page 20 and forms part of these financial statements.

10. Debtors

| | 1 January 2017 £'000 | 27 December 2015 £'000 |
|-------------------------------------|-------------------------------------|---------------------------------------|
| Amounts owed by fellow subsidiaries | 12,468 | 45,486 |
| Prepayments and accrued income | 1,692 | 955 |
| Other debtors | 591 | 212 |
| Deferred tax asset | 588 | 158 |
| | <u>15,339</u> | <u>46,811</u> |

Intercompany balances are non interest bearing balances repayable on demand.

The movement in the deferred tax asset in the financial statements is as follows:

| | 1 January 2017 £'000 | 27 December 2015 £'000 |
|------------------------------------|-------------------------------------|---------------------------------------|
| At beginning of the period | 158 | 187 |
| Transfer in | 75 | - |
| Current period tax credit/(charge) | 343 | (16) |
| Deferred tax rate change | 12 | (13) |
| At end of the period | <u>588</u> | <u>158</u> |

The amounts provided in the accounts are as follows

| | | |
|---|------------|------------|
| Timing differences in respect of fixed assets | 518 | 158 |
| Short term timing difference | 70 | - |
| At end of the period | <u>588</u> | <u>158</u> |

In accordance with FRS 101 deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances at 1 January 2017 is £90,000 (2015: £90,000).

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11. Creditors: amounts falling due within one year

| | 1 January 2017 £'000 | 27 December 2015 £'000 |
|------------------------------------|----------------------------|------------------------------|
| Trade creditors | 201 | 150 |
| Corporation tax payable | 1,376 | 486 |
| Other taxation and social security | 209 | 69 |
| Accruals and deferred income | 5,321 | 1,770 |
| | <u>7,107</u> | <u>2,475</u> |

12. Provisions for liabilities

| | Restructuring £'000 | Property £'000 | Total £'000 |
|----------------------------|------------------------|-------------------|----------------|
| At beginning of the period | 114 | 215 | 329 |
| Transfer in | 198 | 282 | 480 |
| Charged in the period | 1,999 | 117 | 2,116 |
| Utilised during the period | (2,154) | (112) | (2,266) |
| At end of the period | <u>157</u> | <u>502</u> | <u>659</u> |

The restructuring provision relates to the non-recurring restructuring severance incurred in the delivery of cost reduction measures. This provision is expected to be utilised during the next year.

The property provision relates to onerous property leases and future committed costs related to occupied, let and vacant properties. This provision will be utilised over the remaining term of the leases.

13. Capital and reserves

| | 1 January 2017 £'000 | 27 December 2015 £'000 |
|--|----------------------------|------------------------------|
| Called up, allotted and fully paid | | |
| 5,255,000 (2015: 5,255,000) ordinary shares of £1 each | <u>5,255</u> | <u>5,255</u> |

The company has one class of ordinary shares which carry no right to fixed income.

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

14. Operating lease commitments

The company has total commitments under non-cancellable operating leases as follows:

| | 1 January 2017 | | | 27 December 2015 | | |
|----------------------------|--------------------------------|----------------|----------------|--------------------------------|----------------|----------------|
| | Land and buildings £'000 | Other £'000 | Total £'000 | Land and buildings £'000 | Other £'000 | Total £'000 |
| Leases which expire: | | | | | | |
| Within one year | 240 | 582 | 822 | 23 | 22 | 45 |
| Between two and five years | 785 | 357 | 1,142 | - | 67 | 67 |
| | <u>1,025</u> | <u>939</u> | <u>1,964</u> | <u>23</u> | <u>89</u> | <u>112</u> |

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15. Hive Ups

On 31 March 2017, the trade and assets of a number of fellow group companies were transferred to the company at net book value with consideration being intercompany through the entering into sale and purchase agreements. The effective date of these transactions was either 28 December 2015 or 2 January 2017.

Assets acquired effective at the beginning of the period (28 December 2015) was as follows:

| | £'000 |
|--|--------------------|
| Fixed assets | |
| Negative goodwill | (1,327) |
| Intangible fixed assets | 43,600 |
| Tangible fixed assets | 14,900 |
| | <hr/> 57,173 |
| Current assets | |
| Debtors | 1,897 |
| Cash at bank and in hand | 104 |
| | <hr/> 2,001 |
| Current liabilities and provisions | |
| Creditors: amounts falling due within one year | (4,910) |
| Provisions for liabilities | (481) |
| | <hr/> (5,391) |
| Intercompany consideration | <hr/> 53,783 <hr/> |

Assets acquired post year end (effective 2 January 2017) was as follows:

| | £'000 |
|--|---------------------|
| Current assets | |
| Debtors | 610 |
| Cash at bank and in hand | 7 |
| | <hr/> 617 |
| Current liabilities and provisions | |
| Creditors: amounts falling due within one year | (9,880) |
| | <hr/> |
| Intercompany consideration | <hr/> (9,263) <hr/> |

16. Contingent liabilities

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans (including loan notes issued through the US private placement market) and bank overdraft of the ultimate parent company with certain of the group's bankers. At 1 January 2017, this amounted to £81.2 million (27 December 2015: £147.6 million).

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17. Ultimate parent company and immediate parent undertaking

In the opinion of the directors, the company's ultimate parent company and controlling entity at 1 January 2017 was Trinity Mirror plc, a company incorporated and registered in England and Wales. Trinity Mirror plc is the parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London E14 5AP.

The company's immediate parent undertaking at 1 January 2017 was Trinity Mirror Regionals Limited, a company registered in England and Wales whose registered office is at One Canada Square, Canary Wharf, London, E14 5AP.

18. Related party transactions

Trading transactions

The company traded with the PA Group Limited an associate of Trinity Mirror plc group. The company incurred charges of services received of £0.5 million (2015: £0.2 million). The amount outstanding at the reporting period amounted to nil (2015: nil) owed to PA Group Limited.

19. First time adoption of FRS 101

This is the first period which the company has prepared its financial statements under FRS 101. The previous financial statements for the 52 weeks ended 27 December 2015 were prepared under old UK GAAP. The date of transition to FRS 101 for the company is 29 December 2014.

The impact of the changes in accounting policies as a result of the transition from old UK GAAP as previously reported and FRS 101 were immaterial so none of the prior period balances have required restatement.

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Appendix

In compliance with Section 409 of the Companies Act 2006, the following comprises a list of all related subsidiary undertakings of the company, as at 1 January 2017. All subsidiaries have a registered office at One Canada Square, Canary Wharf, London, E14 5AP.

| Company | Location | % holding of ordinary share capital |
|---|-----------------|--|
| Direct | | |
| Channel One Liverpool Limited | United Kingdom | 100% |
| Examiner News & Information Services Limited | United Kingdom | 100% |
| The Chester Chronicle and Associated Newspapers Limited | United Kingdom | 100% |
| Trinity Mirror Huddersfield Limited | United Kingdom | 100% |
| Trinity Mirror Merseyside Limited | United Kingdom | 100% |
| Trinity Mirror North Wales Limited | United Kingdom | 100% |
| Indirect | | |
| Trinity Mirror Cheshire Limited | United Kingdom | 100% |