

Reach Regionals Limited

Registration number: 3890736

Annual Report and Financial Statements

52 weeks ended 27 December 2020



Reach Regionals Limited
(Registration number: 3890736)

Contents

Officers and Registered Office	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities in Respect of the Financial Statements	6
Independent Auditor's Report	7 to 9
Profit and Loss Account	10
Statement of Comprehensive Income	11
Statement of Changes in Equity	12
Balance Sheet	13
Notes to the Financial Statements	14 to 35
Appendix	36 to 37

Reach Regionals Limited
(Registration number: 3890736)

Officers and Registered Office

Directors Jim Mullen
Simon Fuller
Reach Directors Limited
Company secretary Reach Secretaries Limited

Registered office One Canada Square
Canary Wharf
London
E14 5AP

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Strategic Report for the 52 weeks ended 27 December 2020

The directors present their Strategic Report for the 52 weeks ended 27 December 2020.

Fair review of the business

Business Review

Reach Regionals Limited (the "company") has reported an operating loss of £18,180,000 (2019: £800,000). The directors carried out an annual impairment review of investments which has resulted in no impairment (2019: nil).

During 2020 the Reach plc Board put in place a transformation plan for the group which ensured business continuity in the immediate period, but also enabled us to embrace our future as an insight-driven, digitally-led business. The transformation programme both improved operational efficiency and drove significant annualised cost savings at a cost of £680,000 in severance payments.

A charge of £15.5m has been made in the year reflecting a historic property development onerous contract. In 2018 the Reach plc Group sold part of its freehold property in Liverpool and also entered into an agreement to develop the property into a hotel and retail/office space. As a result of COVID-19 the development incurred significant time delays and cost overruns, with no certainty as to the amount that could be incurred on completion of the development and insufficient contractual protections based on the historical agreement. A new agreement was reached to limit the exposure to the company to £15.5m. A one-off provision of £15.5m was made at the half-year and the £15.5m was paid in September 2020. The company has no further exposure in respect of this development.

The company received dividends of £9,000,000 (2019: £9,000,000) from shares in group undertakings.

Financial position and future prospects

The financial position of the company is set out on page 13. The directors are satisfied as to the future prospects of the company. The company has continued to perform in line with management's expectations since the year end. The Board is confident that the company will make further good progress through the rest of the year delivering its customer-focused strategic objectives and digital growth ambitions.

The net assets of the company have decreased by £17,248,000 (2019: £131,178,000) to £134,185,000 (2019: £151,433,000) due to the loss (2019: profit) for the period and actuarial gains and losses taken directly to equity less the dividends paid to the immediate parent undertaking.

The financial risk management objectives are set out in the Directors' Report (page 4).

Key performance indicators

The company is a holding company and does not set or monitor key performance indicators.

Section 172 statement

From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the group board in relation both to the group and to this company. The board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the company, an explanation of how the group board has considered the matters set out in s172 (for the group and for the company) is set out on page 50 of the 2020 Reach plc Annual Report, which does not form part of this report.

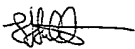
Section 172 compliance outlined in the 2020 Reach plc Annual Report is applicable to the company. This gives an overview of how the company has engaged with key stakeholders during the year, including shareholders, pension schemes, colleagues and suppliers.

Strategic Report for the 52 weeks ended 27 December 2020 (continued)

Principal risks and uncertainties

The company holds investments in fellow group companies. The principal risk is the carrying value of the company's investments which the directors review at least annually. The carrying value of the company's investments is impacted by the group's future performance and strategy. The risk is of the Macro-economic deterioration which encompasses the impact of COVID-19 pandemic and the UK's departure from the EU, is that the structural challenges facing print media results in a faster than anticipated loss of print revenue, and the growth of 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. A further risk to the company is that pension deficits may grow at such a rate such that annual funding costs consume a disproportionate level of profit. The directors remain committed to addressing our historical pension deficits and continue to make significant payments to the schemes. The next funding valuation of the scheme has an effective date of 31 December 2019. The company is still in negotiations in relation to the triennial valuation.

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....
Reach Directors Limited
Simon Fuller

Directors' Report for the 52 weeks ended 27 December 2020

The directors present their report and the financial statements for the 52 weeks ended 27 December 2020.

Directors of the company

The directors of the company who were in office during the period and up to the date of signing the financial statements were as follows:

Jim Mullen

Simon Fuller

Reach Directors Limited

Principal activity

The principal activity of the company is that of a holding company within the Reach plc group and incurring certain management expenses on behalf of the Reach plc group. The trading activity related to in the prior year to publishing digital related activities.

Results and dividends

The results for the period are set out on page 10. The loss for the period of £9,271,000 (2019: profit £7,257,000) has been transferred from (2019: to) reserves. During the period, a dividend of £9,000,000 (2019: £9,000,000) was paid to the immediate parent undertaking. No dividends have been proposed or paid since the period end.

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. Our employees participate in incentive schemes either through the Management Bonus Scheme, a local business incentive scheme or, for all other qualifying employees, through inclusion in the Group's Employee Bonus Scheme. During the period, a new Head of People Experience was appointed who will be responsible for driving a positive experience for all the group's people - one that attracts and retains brilliant talent and helps people thrive and perform at their best, to support the group's strategic goals. Diversity and inclusion was at the forefront of activity through 2020 in our continued commitment to ensuring employees can be their 'whole selves' at work. We instigated employee led workstreams to develop the priorities and activity for Reach to achieve our goal. Through this initiative we appointed the first Head of Diversity and Inclusion.

Financial risk management policies and objectives

The company's operations expose it to financial risks that include credit, liquidity and foreign exchange 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 Reach plc Group are considered.

Liquidity risk management

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

Foreign currency risk management

The company, as part of the wider Reach plc Group, undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Financial position and future prospects

The company's future developments are integrated with those of the Group, which are discussed in the 2020 Reach plc Annual Report, which does not form part of this report. Further details of the financial position and future prospects of the company is set out in the Strategic Report on page 2.

Directors' Report for the 52 weeks ended 27 December 2020 (continued)

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 directors have reviewed the assessment, particularly as a result of the COVID-19 outbreak.

The company has net current liabilities of £25,825,000 at 27 December 2020, which includes net amounts owed to other subsidiary undertakings of Reach plc of £44,787,000. The directors note that Reach plc Group has a strong balance sheet and liquidity with a net cash positive position of £42.0m at 27 December 2020. This represents a cash balance of £42.0m with no draw down on the group's revolving credit facility of £65.0m.

At the date of signing of these financial statements the directors have considered all the factors impacting the company's business, including downside sensitivities and the strong balance sheet of Reach plc. The company has in place a support letter from Reach plc, the group's holding company stating that Reach plc will not seek repayment of amounts owed by the company unless alternative financing is available and will advance further amounts as required by the company from 12 months from the date of signature of the company financial statements.

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.

Important non adjusting events after the financial period

On 19 March 2021, the Reach Plc Group announced that it would increase home working as part of its future working arrangements, across all 110+ titles and 70+ regional Live sites. With the vast majority of Reach colleagues working from home over a year the Group has decided to make it a permanent feature for many colleagues, moving to a combination of office based, office and home based and home based teams.

Colleagues assigned to one of the 15 large offices or 'hubs' will continue working from home until lockdown guidance changes. The Group will be investing in upgrading all hubs to allow for more flexible working.

This will impact carrying value of right of use assets relating to 17 leases.

Directors' liabilities

During the period and as at the date of signing the annual report and financial statements, the ultimate parent company has in place a directors' and officers' liability insurance policy which includes the company.

Qualifying indemnity provision

During the period the existing and former directors of the company benefited from a qualifying third party indemnity provision, in accordance with section 234 of the Companies Act 2006. The provision was in force during the financial period and where the directors report was approved, and this remains in force at the date of this report. The indemnity is provided by Reach plc and covers, to the extent permitted by law, any third party liabilities which directors may incur as a result of their service on the board.

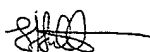
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Independent auditors

The auditors PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 September 2021 and signed on its behalf by:



.....
Reach Directors Limited
Simon Fuller

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Independent auditors' report to the members of Reach Regionals Limited

Report on the audit of the financial statements

Opinion

In our opinion, Reach Regionals Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 27 December 2020 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 27 December 2020; the Profit and Loss Account; the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 27 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Reach Regionals Limited
(Registration number: 3890736)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment law, pensions regulations and data privacy law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management estimates including the release of provisions, the posting of inappropriate journals to increase revenue or reduce expenditure, misappropriation of cash, and unusual and infrequent users. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Group's legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, including impairment of investments;
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Stuart Newman

Stuart Newman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 September 2021

Reach Regionals Limited
(Registration number: 3890736)

Profit and Loss Account
for the 52 weeks ended 27 December 2020 (52 weeks ended 29 December 2019)

		52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Turnover	3	-	540
Administrative expenses		<u>(18,180)</u>	<u>(1,340)</u>
Operating loss	4	(18,180)	(800)
Income from shares in subsidiary undertakings		9,000	9,000
Interest on lease liabilities	9	(25)	-
Pension finance charge	14	<u>(700)</u>	<u>(1,200)</u>
(Loss)/profit on ordinary activities before tax		(9,905)	7,000
Tax on (loss)/profit on ordinary activities	6	<u>634</u>	<u>257</u>
(Loss)/profit for the period		<u>(9,271)</u>	<u>7,257</u>
All turnover and results arose from continuing operations.			

Reach Regionals Limited
(Registration number: 3890736)

Statement of Comprehensive Income
for the 52 weeks ended 27 December 2020 (52 weeks ended 29 December 2019)

		52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
	Note		
(Loss)/profit for the period		(9,271)	7,257
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on pension schemes' deficit (net)	6, 14	<u>1,023</u>	<u>(840)</u>
Total comprehensive (loss)/income for the period		<u><u>(8,248)</u></u>	<u><u>6,417</u></u>

Reach Regionals Limited
(Registration number: 3890736)

Statement of Changes in Equity
for the 52 weeks ended 27 December 2020 (52 weeks ended 29 December 2019)

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 31 December 2018	100,000	54,016	154,016
Profit for the period	-	7,257	7,257
Other comprehensive loss	-	(840)	(840)
Total comprehensive income	-	6,417	6,417
Dividends	-	(9,000)	(9,000)
At 29 December 2019	100,000	51,433	151,433

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 30 December 2019	100,000	51,433	151,433
Loss for the period	-	(9,271)	(9,271)
Other comprehensive income	-	1,023	1,023
Total comprehensive loss	-	(8,248)	(8,248)
Dividends	-	(9,000)	(9,000)
At 27 December 2020	100,000	34,185	134,185

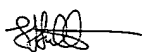
Reach Regionals Limited
(Registration number: 3890736)

Balance Sheet

at 27 December 2020 (at 29 December 2019)

	Note	27 December 2020 £ 000	29 December 2019 £ 000
Fixed assets			
Right of use assets	9	197	-
Investments	8	196,625	196,625
		<u>196,822</u>	<u>196,625</u>
Current assets			
Deferred tax asset	6	6,556	7,097
Debtors	10	624	744
Cash at bank and in hand		15,093	358
		<u>22,273</u>	<u>8,199</u>
Creditors: Amounts falling due within one year	11	(47,808)	(9,484)
Current portion of long term lease liabilities	12	(290)	-
Net current liabilities		<u>(25,825)</u>	<u>(1,285)</u>
Total assets less current liabilities		<u>170,997</u>	<u>195,340</u>
Long term lease liabilities	12	(359)	-
Provisions for liabilities	13	(2,033)	(2,555)
Net assets excluding pension schemes' deficit		168,605	192,785
Pension schemes' deficit	14	(34,420)	(41,352)
Net assets		<u>134,185</u>	<u>151,433</u>
Equity capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account	15	34,185	51,433
Total shareholders' funds		<u>134,185</u>	<u>151,433</u>

The financial statements on pages 10 to 35 were approved by the Board of Directors on 23 September 2021 and signed on its behalf by:



.....
Simon Fuller
Director

Notes to the Financial Statements for the 52 weeks ended 27 December 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

One Canada Square
Canary Wharf
London
E14 5AP
United Kingdom

2 Basis of preparation and significant accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

Basis of preparation

The financial statements of Reach Regionals Limited, a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales 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.

For administrative convenience, the financial statements are made up to a suitable date near the end of the calendar year. These financial statements have been prepared for the 52 weeks ended 27 December 2020 and the comparative period has been prepared for the 52 weeks ended 29 December 2019.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The nature of the company's operations and its principal activity are set out in the Directors' Report on page 4.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, by virtue of section 400 of the Companies Act 2006, because it is included in the group accounts of Reach plc. Details of the parent in whose consolidated financial statements the company is included are shown in note 17 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, disclosure of remuneration paid to auditors for non-audit services, related party transactions, key assumptions in cash flow projections and qualitative and quantitative information related to changes in contract assets and contract liabilities. Where required, equivalent disclosures are given in the group accounts of Reach plc. The group accounts of Reach plc are available to the public and can be obtained as set out in note 17.

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 but is not yet effective).

Going concern

The financial statements have been prepared on a going concern basis as set out in the Directors' Report.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

2 Basis of preparation and significant accounting policies (continued)

Changes resulting from adoption of IFRS 16

IFRS 16 has been applied by the company in the 52 weeks ending 27 December 2020 and supersedes the lease guidance including IAS 17 and the related interpretation.

Nature of change

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. At the commencement date of a lease, a lessee will recognise a lease liability for the future lease payments and an asset representing the right to use the underlying asset during the lease term (right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of use asset.

Impact on the company

The standard has impacted the accounting for the company's operating leases relating to leased properties and leased vehicles. The company has applied the simplified transition approach (modified retrospective approach) and recognised the lease liability on transition at the present value of the remaining lease payments, discounted using its incremental borrowing rate of 3.3% at the date of transition. On initial adoption, right-of-use assets have been measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Lease incentives (eg rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17, a lease incentive liability was recognised and amortised as a rental expense on a straight-line basis. Short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense to the profit and loss statement.

Practical Expedients applied on adoption

In its initial application of IFRS 16, the company has used the following practical expedients allowed by the standard:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Relied on its assessment of whether a lease is onerous by applying IAS 37 immediately before the date of initial application;
- Not recognised leases whose lease term ends within 12 months of the adoption date of 30 December 2019;
- Excluded initial direct costs from the measurement of right-of-use assets at the date of initial application; and
- Used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The following table reconciles the minimum lease commitments for the 52 weeks ended 29 December 2019 to the amount of lease liabilities recognised on initial adoption at 30 December 2019.

	As originally reported 29 December 2019 £ 000
Operating lease commitments disclosed in financial statements at prior period end	356
Recognition of leases not shown under commitment note	707
Operating lease commitments at 29 December 2019	<u>1,063</u>
Operating lease commitments discounted at the incremental borrowing rate	1,029
Recognition exemption for short-term leases	<u>(86)</u>
Lease liabilities recognised at 30 December 2019	<u>943</u>

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 30 December 2019. The weighted average rate applied was 3.3%.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

2 Basis of preparation and significant accounting policies (continued)

Impact on the profit and loss account

As a result of applying IFRS 16, the company has recognised depreciation and interest costs, rather than rental expenses for leases that are within the scope of IFRS 16 and which were classified previously as operating leases. In the 52 weeks ended 27 December 2020, the company recognised £177,000 of additional depreciation charges and £25,000 of interest costs in respect of these leases instead of recognising the rental expense of £369,000. This resulted in a £192,000 positive impact to operating profit and £167,000 negative impact on profit before tax.

Impact on Statement of Financial Position as at 29 December 2019

	As originally reported 29 December 2019 £ 000	IFRS 16 adjustments £ 000	As restated 29 December 2019 £ 000
Assets			
Non-current assets			
Right of use assets	-	324	324
Investments	196,625	-	196,625
	<u>196,625</u>	<u>324</u>	<u>196,949</u>
Current assets			
Deferred tax asset	7,097	-	7,097
Debtors	744	105	849
Cash at bank and in hand	358	-	358
	<u>8,199</u>	<u>105</u>	<u>8,304</u>
Total assets	<u>204,824</u>	<u>429</u>	<u>205,253</u>
Current liabilities			
Current portion of long term lease liabilities	-	(374)	(374)
Creditors: Amounts falling due within one year	(9,484)	114	(9,370)
	<u>(9,484)</u>	<u>(260)</u>	<u>(9,744)</u>
Non-current liabilities			
Long term lease liabilities	-	(568)	(568)
Pension schemes' deficit	(41,352)	-	(41,352)
Provisions for liabilities	(2,555)	399	(2,156)
	<u>(43,907)</u>	<u>(169)</u>	<u>(44,076)</u>
Equity			
Called up share capital	100,000	-	100,000
Profit and loss account	51,433	-	51,433
Total equity	<u>151,433</u>	<u>-</u>	<u>151,433</u>

Summary of significant accounting policies and key accounting estimates

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

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

2 Basis of preparation and significant accounting policies (continued)

Revenue recognition

Revenue is recognised in line with IFRS 15 and in accordance with the 5 Step model framework.

Revenue primarily comprises sales of goods and services excluding sales taxes. Revenue is measured based on the consideration received, net of applicable discounts and value added tax to which the company expects to be entitled to.

The sources of revenue for the company are print other (contract publishing, syndication, reader offers and events) and digital (display and transactional revenue streams). Revenue is recognised when the performance obligations identified in the contract are fulfilled, with revenue being measured as the transaction price allocated in respect of that performance obligation.

The company recognises revenue when it transfers control of a product or service to a customer. The following accounting policies are applied to the principal revenue generating activities in which the company is engaged:

Print other revenue

Print other revenues includes contract publishing, syndication, readers offers and events. Within print other revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the product or holding of the event, or when the goods have been purchased by a reader or at a point when the service is provided and the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract.

Digital revenue

For digital display advertising revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time, revenue is recognised over the period of the online campaign on a straight-line basis or pages served basis reflecting the pattern in which the performance obligation is fulfilled. For digital transaction revenue, the performance obligation is fulfilled, and revenue is recognised, when the service is provided. Revenue is measured at the transaction price in the contract.

Income from shares in investment undertakings

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leases

The company has applied IFRS 16 'Leases' using the modified retrospective transition approach and therefore comparative information has not been restated and is presented under IAS 17 'Leases'. The details of accounting policies under both IFRS 16 and IAS 17 are presented separately below.

IFRS 16 'Leases' as adopted by the company at 30 December 2019

Leases are recognised on the balance sheet as a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the company, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the company's weighted average incremental borrowing rate and subsequently held at amortised cost in accordance with IFRS 9. Finance costs are charged to the income statement over the lease term, at a constant periodic rate of interest. Right-of-use assets are depreciated over the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The company does not act as a Lessor.

IAS 17 'Leases' as adopted by the company for the 52 weeks ended 29 December 2019

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 leases are classified as operating leases.

Rentals payable under operating leases are charged to the consolidated income statement 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.

Current and deferred tax

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

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

2 Basis of preparation and significant accounting policies (continued)

The corporation tax currently 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 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 in the statement of comprehensive income or items charged or credited directly to equity, in which case the deferred tax is also dealt with in the statement of comprehensive income and equity respectively.

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.

Investments

Fixed asset investments 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. Use of a post-tax discount rate to discount the future post-tax cash flows is materially equivalent to using a pre-tax discount rate to discount the future pre-tax cash flows. The impairment conclusion remains the same on a pre or post tax basis. 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 profit and loss account in the period in which it occurs and may be reversed in subsequent periods.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term bank deposits with an original maturity of one week or less.

Financial instruments

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

Financial assets

Financial assets are measured at amortised cost.

Financial liabilities

Financial liabilities, including borrowings, are initially recognised at fair value and subsequently measured at amortised cost, net of transaction costs.

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.

Defined contribution pension obligation

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.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

2 Basis of preparation and significant accounting policies (continued)

Defined benefit pension obligation

The company is the sponsoring company for certain group defined benefit pension schemes which are all closed to new entrants and to future accrual.

The defined benefit pension schemes have been set up under trusts that hold their financial assets independently from those of the company and are controlled by trustees. The amount recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the reporting date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The resultant liability or asset of each scheme is included in non-current liabilities or non-current assets as appropriate. Any surplus recognised is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions. Where surpluses are not recognised, a liability is recognised being the value of future committed deficit contribution.

The defined benefit obligation is calculated at each reporting date by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds approximating to the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past service costs are recognised immediately in the profit and loss statement.

Called up share capital

Ordinary shares are classified as equity.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved.

2.1 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:

Defined benefit pension schemes

Actuarial assumptions adopted and external factors can significantly impact the surplus or deficit of defined benefit pension schemes. Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. These result in risk of a volatile valuation deficit and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value. Advice is sourced from independent and qualified actuaries in selecting suitable assumptions at each reporting date.

Investments impairment review

There is uncertainty in the value-in-use calculation. The value-in-use calculation requires the company to estimate the future cash flows expected to arise from the investment 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 the weighted average cost of capital of the company.

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Assumptions used in the impairment review for investments in subsidiaries

Value in use is calculated for the Publishing activities of Reach plc. There is judgement required in the allocation of such value in use to the individual Publishing entities. At each reporting date management review the appropriateness of the allocation and performs impairment review for investments in subsidiaries.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

3 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Print	-	84
Digital	-	456
Total turnover	-	540

Turnover is predominately derived from sundry other income earned in the United Kingdom.

4 Operating loss

Operating loss is stated after charging:

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Depreciation of right-of-use assets	177	-
Provision for historical property development	15,546	-
Pension past service costs for GMP equalisation and administrative expenses	2,000	752
Restructuring charges in respect of cost reduction measures	680	831
Operating lease charge for vehicles	-	91
Operating lease charge for property	-	104

A £15.5m charge reflecting a historic property development, which as a result of COVID-19 became onerous resulting in the company making a payment to joint venture partner to resolve the matter (note 13).

The auditors' remuneration of £69,000 (2019: £69,000) for the audit of the statutory financial statements of this company has been borne and not recharged by another group company.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

5 Information regarding directors and employees

All employees have an employment contract with a group entity and provide services throughout the group. Staff costs disclosure relate to services provided by employees for this company:

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Wages and salaries	10,869	9,611
Social security costs	1,003	902
Pension costs	552	470
Costs reimbursed	(629)	-
	<u>11,795</u>	<u>10,983</u>

Wages and salaries include bonuses payable in the period. Costs reimbursed relate to amounts received under the Coronavirus Job Retention Scheme by Reach Shared Services Limited, a fellow subsidiary undertaking. These amounts have been passed back from the fellow subsidiary undertaking through intercompany recharges to where the relevant employee costs were borne. The restructuring costs are excluded from the staff costs and are disclosed in note 4.

The average monthly number of employees charged to the company during the period is set out below:

	52 weeks ended 27 December 2020 No.	52 weeks ended 29 December 2019 No.
Production	243	200
Administration	99	115
	<u>342</u>	<u>315</u>

Directors' emoluments

The directors holding office during the period consider their services to the company are incorporated within their duties as directors of Reach Plc Group, it is not practical to allocate remuneration to each entity. No remuneration has been apportioned to the company.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

6 Tax on (loss)/profit on ordinary activities

Tax (receipt)/expense in the profit and loss account

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Current taxation		
UK corporation tax	(1,898)	(1,751)
UK corporation tax adjustment to prior periods	-	82
	<u>(1,898)</u>	<u>(1,669)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	1,264	1,412
Tax receipt in the profit and loss account	<u>(634)</u>	<u>(257)</u>

The tax on (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
(Loss)/profit before tax	<u>(9,905)</u>	<u>7,000</u>
Corporation tax at standard rate	(1,882)	1,330
UK corporation tax adjustment to prior periods	-	82
Increase from effect of revenues exempt from taxation	(1,710)	(1,700)
Increase from effect of expenses not deductible in determining taxable profit	<u>2,958</u>	<u>31</u>
Total tax credit	<u>(634)</u>	<u>(257)</u>

The large increase in non deductible expenses principally relates to the £15.5m charge relating to the historic property development as disclosed in note 4.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). Deferred taxes at the balance sheet date have been measured using the enacted tax rates and are reflected in these financial statements.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been enacted or substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, had it been substantively enacted by the balance sheet date, it is likely that the overall effect of the change would be an increase in the deferred tax asset of £2,071,000.

The current tax asset amounted to nil (2019: nil) at reporting date.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

6 Tax on (loss)/profit on ordinary activities (continued)

Amounts recognised in other comprehensive (loss)/income

	2020			2019		
	Before tax	Deferred tax	Net of tax	Before tax	Deferred tax	Net of tax
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Actuarial gain/(loss) on pension schemes' deficit (net)	<u>300</u>	<u>723</u>	<u>1,023</u>	<u>(620)</u>	<u>(220)</u>	<u>(840)</u>

Deferred tax

Deferred tax assets

Deferred tax movement during the period:

	At 30	Recognised in	Recognised in	At
	December	profit and	other	27 December
	2019	loss	comprehensive	2020
	£ 000	£ 000	income	£ 000
Accelerated tax depreciation	20	-	-	20
Pension benefit obligations	7,077	(1,264)	723	6,536
Net tax assets/(liabilities)	<u>7,097</u>	<u>(1,264)</u>	<u>723</u>	<u>6,556</u>

Deferred tax movement during the prior period:

	At 31	Recognised in	Recognised in	At
	December	profit and	other	29 December
	2018	loss	comprehensive	2019
	£ 000	£ 000	income	£ 000
Accelerated tax depreciation	-	20	-	20
Pension benefit obligations	8,729	(1,432)	(220)	7,077
Net tax assets/(liabilities)	<u>8,729</u>	<u>(1,412)</u>	<u>(220)</u>	<u>7,097</u>

Recoverability of deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

7 Dividends paid

	52 weeks ended 27 December 2020 £ 000	52 weeks ended 29 December 2019 £ 000
Final dividend of £0.09 per each ordinary share	<u>9,000</u>	<u>9,000</u>

8 Investments

Investments in subsidiary undertakings	£ 000
Cost	
At 31 December 2018	<u>850,507</u>
At 29 December 2019	<u>850,507</u>
At 27 December 2020	<u>850,507</u>
Provision	
At 31 December 2018	<u>(653,882)</u>
At 29 December 2019	<u>(653,882)</u>
At 27 December 2020	<u>(653,882)</u>
Carrying amount	
At 27 December 2020	<u>196,625</u>
At 29 December 2019	<u>196,625</u>

A full list of subsidiaries at the reporting date is appended on pages 36 and 37 and forms part of these financial statements.

An impairment review at the reporting date of the company's investments was undertaken which indicated that no impairment charge (2019: nil) was required.

For the impairment review cash flows have been prepared using the approved Budget for 2021 and projections for a further nine years as this is the period over which the transformation to digital can be assessed. The projections for 2022 to 2030 are internal projections based on continued decline in print revenues and growth in digital revenues and the associated change in the cost base as a result of the changing revenue mix. The company's medium term internal projections are that growth in digital revenue will be sufficient to offset the decline in print revenue and that overall revenue will stabilise. The long-term growth rates beyond the 10-year period have been assessed at 0% based on the view of the market position and maturity of the relevant market. The current post-tax and equivalent pre-tax discount rate used is 10.9% and 13.4% respectively. The impairment review is highly sensitive to reasonably possible changes in key assumptions used in the value-in-use calculations. There is increased uncertainty due to COVID-19. A combination of reasonably possible changes in key assumptions such as print revenue declining at a faster rate than projected, digital revenue growth being significantly lower than projected or the associated change in the cost base being different than projected, could lead to an impairment in investments.

The company's investments in trading companies is in Reach Midlands Media Limited.

For Reach Midlands Media Limited if these sensitivities led to a 78% reduction in value in use this would lead to the removal of the headroom.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

9 Right of use assets

	Property £ 000	Vehicles £ 000	Total £ 000
Cost			
At 30 December 2019	-	-	-
Adjustment for transition to IFRS 16 (note 2)	180	144	324
Restated at 30 December 2019	180	144	324
Additions	-	50	50
At 27 December 2020	180	194	374
Accumulated depreciation			
At 30 December 2019	-	-	-
Charge for the period	(120)	(57)	(177)
At 27 December 2020	(120)	(57)	(177)
Carrying amount			
At 27 December 2020	60	137	197

Amounts recognised in the profit and loss account

The profit and loss account includes the following amounts relating to leases:

	52 weeks ended 27 December 2020 £ 000
Depreciation of right-of-use assets	177
Interest expense (included in finance cost)	25
Total charged to the income statement	202

10 Debtors

	27 December 2020 £ 000	29 December 2019 £ 000
Accrued income	-	174
Prepayments	624	460
Other debtors	-	110
	624	744

Intercompany balances are unsecured, non-interest bearing balances repayable on demand.

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

11 Creditors: amounts falling due within one year

	27 December	29 December
	2020	2019
	£ 000	£ 000
Accrued expenses	2,742	2,407
Amounts owed to fellow subsidiaries	44,787	6,559
Social security and other taxes	279	296
Other creditors	-	(1)
Deferred income	-	223
	<u>47,808</u>	<u>9,484</u>

A fellow subsidiary undertaking operates a centralised accounts payable function for the group which results in trade creditor balances of the company being recorded in the balance sheet of the fellow subsidiary undertaking with consideration being recorded through intercompany.

Intercompany balances are unsecured, non-interest bearing balances payable on demand.

12 Leases

Leases included in creditors

	27 December
	2020
	£ 000
Current portion of long term lease liabilities	290
Long term lease liabilities	<u>359</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	27 December
	2020
	£ 000
Within one year	257
Greater than one and less than five years	301
Greater than five years	<u>22</u>
Total lease liabilities (undiscounted)	<u>580</u>

The company does not face significant liquidity risk in relation to its lease liabilities. Of the lease liability £290,000 is included in current liabilities and £359,000 is included in non-current liabilities.

The company has applied IFRS 16 'Leases' at 30 December 2019 using the modified retrospective approach. Comparatives for the prior period have not been restated to reflect this and therefore continue to be reported under IAS 17 'Leases'. As such, for the 52 weeks ended 29 December 2019, the total commitments under non-cancellable operating leases were as follows:

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

12 Leases (continued)

	29 December 2019 £ 000
Within one year	171
In two to five years	157
In over five years	28
	<u>356</u>

13 Provisions for liabilities

	Restructuring £ 000	Property £ 000	Other £ 000	Total £ 000
At 30 December 2019	78	2,477	-	2,555
IFRS 16 adjustment	-	(426)	-	(426)
Additional provisions	680	815	15,546	17,041
Provisions used	<u>(695)</u>	<u>(896)</u>	<u>(15,546)</u>	<u>(17,137)</u>
At 27 December 2020	<u>63</u>	<u>1,970</u>	<u>-</u>	<u>2,033</u>
Non-current liabilities	<u>-</u>	<u>160</u>	<u>-</u>	<u>160</u>
Current liabilities	<u>63</u>	<u>1,810</u>	<u>-</u>	<u>1,873</u>

The restructuring provision relates to restructuring charges incurred in the delivery of cost reduction measures. This provision is expected to be utilised within the next year.

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

Other provisions is a charge and utilisation of £15.5m reflecting a historic property development, which as a result of COVID-19 became onerous. In 2018 the company sold part of its freehold property in Liverpool and also entered into an agreement to develop the property into a hotel and retail/office space. As a result of COVID-19 the development incurred significant time delays and cost overruns, with no certainty as to the amount that could be incurred on completion of the development and insufficient contractual protections based on the historical agreement. A new agreement was reached to limit the exposure to the company to £15.5m. A one-off provision of £15.5m has been charged and this amount was paid in September 2020. The company has no further exposure in respect of this development.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes

Defined contribution pension scheme

The company contributes to a defined contribution pension scheme for qualifying employees: The Reach Pension Plan (the 'RPP'). The assets of the RPP scheme where employees have an individual account at Fidelity are held separately from those of the company in funds under the control of Trustees.

The current service cost charged to the profit and loss statement for the period of £552,367 (2019: £470,302) represents contributions paid by the company at rates specified in the scheme rules. All amounts that were due have been paid over to the schemes at all reporting dates.

Defined benefit pension schemes

The company is the sponsoring company for and accounts for the Trinity Retirement Benefit Scheme and the Midland Independent Newspapers Pension Scheme in these financial statements. The schemes are closed to future accrual.

Characteristics

The defined benefit pension schemes provide pensions to members, which are based on the final salary pension payable, normally from age 65 plus surviving spouses or dependents benefits following a member's death. Benefits increase both before and after retirement either in line with statutory requirements or in accordance with the scheme rules. Such increases are either at fixed rates or in line with retail or consumer prices but subject to upper and lower limits. All of the schemes are independent of the company with assets held independently of the company. They are governed by Trustees who administer benefits in accordance with the scheme rules and appropriate UK legislation. The schemes each have a professional independent trustee as their chairman with half of the remaining Trustees nominated by the members and half by the company.

Maturity profile and cash flow

For TRBS the invested assets are expected to be sufficient to pay the benefits due for the remainder of the lifetime of the schemes, however for MINPS the invested assets are only expected to be sufficient to pay the uninsured benefits due up to 2048, based on the reporting data assumptions. The remaining uninsured benefit payments, payable from 2049, are due to be funded by a combination of asset outperformance and the deficit contributions currently scheduled to be paid by 2027. The uninsured liabilities related 35% to current pensioners and their spouses or dependants and 65% related to deferred pensioners. The average term from the period end to payment of the remaining uninsured benefits is expected to be around 21 years. Uninsured pension payments in 2020, excluding lump sums and transfer value payments, were £8 million and these are projected to rise to an annual peak in 2039 of £24 million and reducing thereafter.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

Funding arrangements

The funding of the schemes is subject to UK pension legislation as well as the guidance and codes of practice issued by the Pensions Regulator. Funding targets are agreed between the Trustees and the company and are reviewed and revised usually every three years. The funding targets must include a margin for prudence above the expected cost of paying the benefits and so are different to the liability value for IAS 19 purposes. The funding deficits revealed by these triennial valuations are removed over time in accordance with an agreed recovery plan and schedule of contributions for each scheme.

The valuations of the schemes as at 31 December 2016 were agreed in December 2017 and finalised in January 2018. The valuations showed deficits of £78.0 million for the Trinity Scheme and £68.2 million for the MIN Scheme.

As part of the agreement of the valuations, deficit funding and expenses contributions were agreed at £9.3 million for 2019 and 2020, at £11.1 for 2021 to 2027 after which contributions are due to cease. The deficits are expected to be eradicated by 2027 by a combination of the contributions and asset returns. In addition, Reach plc agreed that in respect of dividend payments in 2018, 2019 and 2020 that additional contributions would be paid to the group's schemes at 50% of the excess if dividends in 2018 are above 6.16 pence per share. For 2019 and 2020 the threshold increases in line with the increase in dividends capped at 10% per annum. In connection with the acquisition by Reach plc of the Northern & Shell's UK publishing assets, the schedule of contributions and the dividend sharing arrangements have been revised. Annual deficit funding contributions are now £9.3 million for 2018 to 2020 and £11.1 million for 2021 to 2027 and the dividend related contribution was increased to 75% of the excess.

The future deficit funding commitments are linked to the three-yearly actuarial valuations. The next funding valuation of the scheme has an effective date of 31 December 2019 and the valuation and would usually been completed by 31 March 2021. Although the funding commitments do not generally impact the IAS 19 position, IFRIC 14 guides companies to consider for IAS 19 disclosures whether any surplus can be recognised as a balance sheet asset and whether any future funding commitments in excess of the IAS 19 liability should be provisioned for. Based on the interpretation of the rules for each of the defined benefit pension schemes, the company considers that it has an unconditional right to any potential surplus on the ultimate wind-up after all benefits to members have been paid. Under IFRIC 14 it is therefore appropriate to recognise any IAS 19 surpluses which may emerge in future and not to recognise any potential additional liabilities in respect of future funding commitments.

The calculation of Guaranteed Minimum Pension ('GMP') is set out in legislation and members of pension schemes that were contracted out of the State Earnings-Related Pension Scheme ('SERPS') between 6 April 1978 and 5 April 1997 will have built up an entitlement to a GMP. GMPs were intended to broadly replicate the SERPS pension benefits but due to their design they give rise to inequalities between men and women, in particular, the GMP for a male comes into payment at age 65 whereas for a female it comes into payment at the age of 60 and GMPs typically receive different levels of increase to non GMP benefits. On 26 October 2018, the High Court handed down its judgement in the Lloyds Trustees vs Lloyds Bank plc and Others case relating to the equalisation of member benefits for the gender effects of GMP equalisation. This judgement creates a precedent for other UK defined benefit schemes with GMPs. The judgement confirmed that GMP equalisation was required for the period 17 May 1990 to 5 April 1997 and provided some clarification on legally acceptable methods for achieving equalisation. An allowance for GMP equalisation was first included within liabilities at 30 December 2018 and was recognised as a charge for past service costs in the income statement. In 2020 further clarification was issued relating to GMP equalisation in respect of transfers out of schemes. A further allowance for GMP equalisation has been included within liabilities at 27 December 2020 and has been recognised as a charge for past service costs in the income statement. The estimate is subject to change as we undertake more detailed member calculations, as guidance is issued and/or as a result of future legal judgements.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

Risks

Valuations for funding and accounting purposes are based on assumptions about future economic and demographic variables. This results in risk of a volatile valuation deficit and the risk that the ultimate cost of paying benefits is higher than the current assessed liability value.

The main sources of risk are:

- Investment risk: a reduction in asset returns (or assumed future asset returns);
- Inflation risk: an increase in benefit increases (or assumed future increases); and
- Longevity risk: an increase in average life spans (or assumed life expectancy).

These risks are managed by:

- Investing in insured annuity policies: the income from these policies exactly matches the benefit payments for the members covered, removing all of the above risks. At the reporting date the insured annuity policies covered 23% of total liabilities;
- Investing a proportion of assets in other classes such as government and corporate bonds and in liability driven investments: changes in the values of the assets aim to broadly match changes in the values of the uninsured liabilities, reducing the investment risk, however some risk remains as the durations of the bonds are typically shorter than that of the liabilities and so the values may still move differently. At the reporting date non-equity assets amounted to 75% of assets excluding the insured annuity policies;
- Investing a proportion of assets in equities: with the aim of achieving outperformance and so reducing the deficits over the long term. At the reporting date this amounted to 25% of assets excluding the insured annuity policies; and
- The gradual sale of equities over time to purchase additional annuity policies or liability matching investments: to further reduce risk as the schemes, which are closed to future accrual, mature.

Pension scheme accounting deficits are snapshots at moments in time and are not used by either the company or Trustees to frame funding policy. The company and Trustees are aligned in focusing on the long-term sustainability of the funding policy which aims to balance the interests of the company's shareholders and members of the schemes. The company and Trustees are also aligned in reducing pensions risk over the long term and at a pace which is affordable to the company.

The company is not exposed to any unusual, entity specific or scheme specific risks. Other than the impact of GMP equalisation, there were no plan amendments, settlements or curtailments in 2020 or 2019 which resulted in a pension cost.

Results

For the purposes of the company's financial statements, valuations have been performed in accordance with the requirements of IAS 19 with scheme liabilities calculated using a consistent projected unit valuation method and compared to the estimated value of the scheme assets at 27 December 2020.

Principal actuarial assumptions

Based on actuarial advice, the assumption used in calculating the scheme liabilities and actuarial values of these liabilities are:

	27 December 2020	29 December 2019
	%	%
Discount rate	1.49	1.94
Retail price inflation rate	2.86	2.96
Consumer price inflation rate	2.26	2.01
Rate of pension increases in deferment	2.26	2.01
Rate of pension increases in payment (weighted average across the schemes)	2.64	2.80

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

Mortality assumptions - future life expectancies from age 65

	27 December 2020 Years	29 December 2019 Years
Male currently aged 65	21.9	21.7
Female currently aged 65	24.2	24.0
Male currently aged 55	21.6	21.5
Female currently aged 55	24.2	24.0

The discount rate should be chosen to be equal to the yield available on 'high quality' corporate bonds of appropriate term and currency. The yields available on corporate bonds fell by around 0.6% pa over the year. The company has taken actuarial advice and has updated the approach to determining the bond constituents for the calculation of the discount rate. The bond constituents used for the 2020 disclosures have been taken from a new Bloomberg classification system which counteracted the fall in the discount rate by around 0.1% pa. The discount rate for 2019 was derived from a classification system called BICS, provided by Bloomberg. Over 2020, Bloomberg made changes to BICS so that it provides a single classification to each bond issuer rather than each bond, and is therefore no longer appropriate. Bloomberg have recently offered an alternative classification system called BCLASS, which provides classification information on each individual security and which Bloomberg describes as the "fixed income standard". BCLASS also enables the inclusion of bonds issued by corporate special purpose vehicles, thereby increasing the size of the universe used to determine the discount rate. Our actuaries have determined an appropriate market bond yield based on a BCLASS extract from Bloomberg which excludes bonds which have a 'corporate' BCLASS assignment but which have actual or implied government backing, such as bonds issued by universities or public transportations systems.

The inflation assumptions are based on market expectations over the period of the liabilities. The RPI assumption is set based on a margin deducted from a single equivalent of the break-even RPI inflation curve. This margin, called an inflation risk premium reflects the fact that the RPI market implied inflation curve can be affected by market distortions and as a result it is thought to overstate the underlying market expectations for future RPI inflation. On 25 November 2020, the Government and UK Statistics Authority responded to their consultation on RPI reform and confirmed their intent to align RPI with CPIH (CPI allowing for housing costs) from February 2030. Our actuaries have advised that broadly this is expected to result in RPI inflation being 1.0% pa lower in the longer term than under the existing methodology but that RPI swaps data shows a fall in forward rates from 2030 of only 0.6%. A reasonable explanation for this disparity is that the market is reflecting a higher premium being placed on inflation projection after 2030 suggesting an increase of 0.2% in the assumed inflation risk premium applying from 2030. Allowing for the extent of RPI linkage on the schemes benefits pre and post 2030, the average inflation risk premium has been increased from 0.2% to 0.3% (to broadly reflect 0.2% to 2030 and 0.4% thereafter). This change decreased RPI and CPI by 0.1% and decreased the deficit by £16m. The CPI assumption is set based on a margin deducted from the RPI assumption, due to lack of market data on CPI expectations. Our actuaries have advised that considering the features and liabilities of the schemes that the expected future differential has reduced following the consultation on amending RPI in the long term. Historic inflation data indicates that CPI moves broadly in line with CPIH, which supports an assumed RPI/CPI margin of 1.0% up to 2030 and 0.00% beyond 2030. Based on an analysis of the CPI-linkage of the cashflow profile of the schemes this is estimated to be equivalent to a single margin of 0.6% resulting in the RPI/CPI margin being reduced from 0.95% pa to 0.60% pa. This change increased CPI by 0.35% and increased the deficit by £32m.

Sensitivity analysis

The estimated impact on the IAS 19 liabilities and on the IAS 19 deficit at the reporting date, due to a reasonably possible change in key assumptions over the next year, are set out in the table below:

	27 December 2020	29 December 2019
	+ 0.1% - 0.1%	+ 0.5% - 0.5%
	£ 000 £ 000	£ 000 £ 000
Adjustment to discount rate		
Present value of total obligation	(13,000) 14,000	(63,000) 70,000
Effect on deficit	(11,000) 12,000	(54,000) 60,000

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

	27 December 2020		29 December 2019	
	+ 0.1%	- 0.1%	+ 0.5%	- 0.5%
	£ 000	£ 000	£ 000	£ 000
Retail price inflation rate				
Present value of total obligation	6,000	(6,000)	30,000	(28,000)
Effect on deficit	<u>5,000</u>	<u>(5,000)</u>	<u>23,000</u>	<u>(22,000)</u>
	27 December 2020		29 December 2019	
	+ 0.1%	- 0.1%	+ 0.5%	- 0.5%
	£ 000	£ 000	£ 000	£ 000
Consumer price inflation rate				
Present value of total obligation	4,000	(4,000)	20,000	(19,000)
Effect on deficit	<u>4,000</u>	<u>(4,000)</u>	<u>20,000</u>	<u>(19,000)</u>
	27 December 2020		29 December 2019	
	+ 1 Year	- 1 Year	+ 1 Year	- 1 Year
	£ 000	£ 000	£ 000	£ 000
Life expectancy at age				
Present value of total obligation	40,000	(40,000)	36,000	(36,000)
Effect on deficit	<u>28,000</u>	<u>(28,000)</u>	<u>25,000</u>	<u>(25,000)</u>

The RPI sensitivity impacts the rate of increases for some of the pensions in payment for both schemes. The CPI sensitivity impacts the rate of increases in deferment for some of the pensions in both schemes and the rate of increases in payment for some of the pensions in payment for both schemes.

The effect on the deficit is usually lower than the effect on the liabilities due to the matching impact on the value of the insurance contracts held in respect of some of the liabilities. Each assumption variation represents a reasonably possible change in the assumption over the next year but might not represent the actual effect because assumption changes are unlikely to happen in isolation.

The estimated impact of the assumption variations makes no allowance for changes in the values of invested assets that would arise if market conditions were to change in order to give rise to the assumption variation. If allowance were made, the estimated impact would likely be lower as the values of invested assets would normally change in the same directions as the liability values.

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

Amounts recognised in the profit and loss statement

	27 December 2020 £ 000	29 December 2019 £ 000
Amounts recognised in operating loss		
Administrative expenses paid	1,200	752
Past service cost	800	-
	<u>2,000</u>	<u>752</u>
Amounts recognised in finance income or costs		
Net interest	700	1,200
	<u>2,700</u>	<u>1,952</u>
Total recognised in the profit and loss statement		

Amounts taken to the statement of comprehensive income

	27 December 2020 £ 000	29 December 2019 £ 000
Actuarial losses arising from changes in financial assumptions	(83,200)	(82,500)
Actuarial gains arising from experience adjustments	28,200	7,500
Returns on scheme assets greater than discount rate	55,300	74,380
	<u>300</u>	<u>(620)</u>
Amounts recognised in the Statement of Comprehensive Income		

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	27 December 2020 £ 000	29 December 2019 £ 000
Present value of scheme liabilities	(766,700)	(723,100)
Fair value of scheme assets	732,280	681,748
	<u>(34,420)</u>	<u>(41,352)</u>
Defined benefit pension scheme deficit		
	<u>27 December 2020 £ 000</u>	<u>29 December 2019 £ 000</u>
Defined benefit pension scheme deficit	(34,420)	(41,352)
Deferred tax included in balance sheet	6,536	7,077
	<u>(27,884)</u>	<u>(34,275)</u>
Defined benefit pension scheme deficit after deferred tax		

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

Scheme liabilities

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

	27 December 2020 £ 000	29 December 2019 £ 000
Present value at start of period	723,100	656,300
Past service cost	800	-
Actuarial losses and gains arising from changes in demographic assumptions	21,900	(12,500)
Actuarial losses arising from changes in financial assumptions	61,300	95,000
Actuarial gains arising from experience assumptions	(28,200)	(7,500)
Interest cost	13,700	17,800
Benefits paid	(25,900)	(26,000)
Present value at end of period	<u>766,700</u>	<u>723,100</u>

Scheme assets

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

	27 December 2020 £ 000	29 December 2019 £ 000
Fair value at start of period	681,748	608,200
Interest income	13,000	16,600
Actual returns of assets greater than discount rate	55,300	74,380
Employer contributions	9,332	9,320
Benefits paid	(25,900)	(26,000)
Administrative expenses paid	(1,200)	(752)
Fair value at end of period	<u>732,280</u>	<u>681,748</u>

Analysis of assets

The major categories of scheme assets are as follows:

	27 December 2020 £ 000	29 December 2019 £ 000
UK equities	24,888	24,894
US equities	60,096	37,863
Other overseas equities	56,125	60,370
Property	187	-
Corporate bonds	89,129	67,102
Fixed interest gilts	3,837	39,830
Index interest gilts	9,083	1,638
Liability driven investments	188,901	143,419
Cash and other	127,700	129,716
Insurance contracts	172,334	176,916
	<u>732,280</u>	<u>681,748</u>

Notes to the Financial Statements for the 52 weeks ended 27 December 2020 (continued)

14 Pension and other schemes (continued)

The assets of the schemes are primarily held in pooled investment vehicles which are unquoted. The pooled investment vehicles hold both quoted and unquoted investments. Scheme assets include neither direct investments in the Reach plc ordinary shares nor any property assets occupied nor other assets used by the Reach Plc Group.

15 Equity capital and reserves

Allotted, called up and fully paid shares

	27 December 2020		29 December 2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

The authorised share capital is 100,000,000 ordinary shares of £1 each (2019: same). 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.

16 Contingent liabilities

The company, together with certain of its fellow subsidiaries in the United Kingdom, has guaranteed the loans and bank overdraft of the group with certain of the group's bankers. At 27 December 2020, this amounted to nil (2019: nil).

17 Ultimate parent company and immediate parent undertaking

The company's immediate parent is Reach Publishing Group Limited.

The ultimate parent is Reach plc. The group financial statements are available upon request from Copies of the group financial statements are available from its registered office at One Canada Square, Canary Wharf, London E14 5AP

Relationship between entity and parents

The parent of the largest and smallest group in which these financial statements are consolidated is Reach plc, incorporated in England and Wales.

Reach Regionals Limited
(Registration number: 3890736)

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 27 December 2020.

The following subsidiaries are 100% owned (all share classes) and are incorporated in England and Wales, with a registered address at One Canada Square, Canary Wharf, London E14 5AP.

Company

Direct

Amra Limited
 Birmingham Post & Mail Trustees Limited
 Daily Post Overseas Limited
 Joseph Woodhead & Sons Limited
 Local World Holdings Limited
 MEN Media Limited
 Mercury Distribution Services Limited
 Reach Midlands Media Limited
 Reach Southern Media Limited
 T M S Pension Trustee Limited
 TIH (Cardiff) Limited
 TIH (Chester) Limited
 TIH (Newcastle) Limited
 TIH (Teesside) Limited
 Trinity Mirror Acquisitions Limited
 Trinity Mirror Marketing Direct Limited*
 Reach Regionals Media Limited
 Reach Printing Services (Midlands) Limited

Indirect

Ad-Mag (North East) Limited
 Advertiser North London Group (Holdings) Limited
 Advertiser North London Limited
 Birmingham Post & Mail (Exhibitions) Limited
 BPM Media (Midlands) Limited
 CDE Services Limited
 Channel One Liverpool Limited
 Chargestake Limited
 Charles Elphick Limited
 Community Magazines Limited

Conrad & Partners Limited
 Coventry Newspapers Limited
 Denitz Investments Limited
 Echo Press (1983) Limited
 Enterprise Magazines Limited
 Examiner News & Information Services Limited
 Gazette Media Company Limited
 Huddersfield Examiner Limited
 Informer Publications Limited
 Isle of Wight Newspapers Limited
 Kennyhill Limited
 Kent Regional Newspapers Limited
 Lancashire & Cheshire County Newspapers Limited

Indirect (continued)

Local World Limited
 London and Westminster Newspapers Limited

Indirect (continued)

London Newspaper Group Limited
 Mainjoy Limited
 Manchester Morning News Limited
 Markstead Limited
 Media Wales Limited
 Meilin Limited
 MEN Investment Limited
 Middlesex County Press Limited
 Midland Independent Magazines Limited
 Midland Independent Weekly Newspapers Limited
 Midland Leaflet Services Limited
 Midland Newspapers Limited
 Midland Newspapers Printers Limited
 Midland United Newspapers Limited
 Midland Weekly Media Limited
 Midland Weekly Newspapers Limited
 NCJ Media Limited
 North Eastern Evening Gazette Limited
 Nunews Limited
 Reliant Distributors Limited
 Scene Magazines Limited
 Scene Newspapers Limited
 Scene Printing (Midlands) Limited
 Scene Printing Web Offset Limited
 Southnews Trustees Limited
 Surrey & Berkshire Media Limited
 The Adscene Group Limited
 The Advertiser Limited
 The Birmingham Boat Shows Limited
 The Birmingham Post & Mail Limited
 The Chester Chronicle and Associated Newspapers Limited
 The Echo Press Limited
 The Hinckley Times Limited
 Trinity 100 Limited
 Trinity 102 Limited
 Trinity Mirror Cheshire Limited
 Trinity Mirror Distributors Limited
 Trinity Mirror Huddersfield Limited
 Trinity Mirror Merseyside Limited
 Trinity Mirror North Wales Limited
 Trinity Newspapers Southern Limited
 Wandsworth Independent Limited
 Welshpool Web-Offset Co. Limited
 Western Mail & Echo Limited
 Whitbread Walker Limited

*99% holding of ordinary share capital held by the group

Reach Regionals Limited
(Registration number: 3890736)

Appendix (continued)

The following associated undertaking is 50% owned (unless where specified) and incorporated in the United Kingdom, with a registered office at One Canada Square, Canary Wharf, London E14 5AP.

Echo Building (Liverpool) Limited