

Sapphire Midco Limited
Annual report and financial statements
for the year ended 30 September 2021
Registered number 11157151

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Sapphire Midco Limited

Annual report and financial statements for the year ended 30 September 2021

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Sapphire Midco Limited

Directors and registered office

Directors

Z E Byng-Thorne
P A Iadkin-Brand

Registered office

Quay House,
The Ambury,
Bath,
BA1 1UA

Sapphire Midco Limited

Strategic report for the year ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Principal activities

The principal activity of the company is that of an intermediate investment holding company for a group providing media services. The business of the subsidiary trading companies is focused on the provision of printed, on-line and digital content.

Business review and future developments

The company did not trade in the year reporting a profit of £16,900,000 (2020: £92,940,000 for the period including dividends receivable of £92,989,000 from a restructuring of the subsidiary companies). The resulting financial position at 30 September 2021 is set out on page 6 with net assets of £309,181,000 (2020: £309,181,000).

Principal risks and uncertainties

The management of the business and the execution of the company's and group's strategy are subject to a number of risks and these are disclosed in the financial statements of Future plc. The key business risk faced by the company is the impact of any factors affecting the financial performance of the company's subsidiaries and hence the value of the company's investment in these.

Financial risk management

The company holds an investment in a subsidiary and indirectly in trading subsidiary companies. External finance is managed by the group as a whole with the company financed by equity balances and indirectly by group held bank loans. Realisation of the investment depends on performance of the trading subsidiaries and this is monitored by the directors and by group management as a whole in order to respond to changes in the market and maintain development of services and capacity.

Approved by the board of directors and signed on behalf of the board on 17 December 2021.



P A Ladkin-Brand
Director

Sapphire Midco Limited

Directors' report for the year ended 30 September 2021

The directors present their annual report and the unaudited financial statements of the company for the year ended 30 September 2021.

Directors

The directors who served in the period, and subsequently except where stated, are as follows:

Z E Byng-Thorne

P A Ladkin-Brand (appointed 1 November 2021)

R Addison (resigned 31 October 2021)

Dividends

Dividends of £16,900,000 have been paid in the year (2020: £nil).

Going concern

The directors have considered the financial position of the company in its context as an intermediate holding company in the Future plc group with no liabilities external to the group.

The group directors have confirmed that settlement of the remaining intercompany balance will not be required until resources are available to the company.

After making enquiries, the directors therefore have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

Strategic report

The following items have been included within the strategic report on page 2:

- Principal activities
- Business review and future developments including results
- Principal risks and uncertainties
- Financial risk management

Directors' indemnities

The company maintained liability insurance for its directors and officers. This is a qualifying indemnity provision for the purposes of the Companies Act 2006, and was in place during the financial period up to the date of signing these financial statements.

Sapphire Midco Limited

Directors' report for the year ended 30 September 2021 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the company financial statements (the "financial statements") in accordance with applicable law and regulations.

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

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable *United Kingdom Accounting Standards comprising FRS101 have been followed*, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Approved by the board of directors and signed on behalf of the board on 17 December 2021.



P A Ladkin-Brand
Director

Sapphire Midco Limited

Statement of comprehensive income for the year ended 30 September 2021

	Note	2021 £'000	2020 £'000
Administrative credit		-	3
Operating profit		-	3
Income from shares in group undertakings		16,900	92,989
Interest receivable	5	-	2,743
Interest payable and similar charges	6	-	(2,596)
Profit before taxation		16,900	93,139
Tax on profit	7	-	(199)
Profit and total comprehensive income for the financial period/year		16,900	92,940

The comparative trading results relates to the nine months ended 30 September 2020

The notes on pages 8 to 13 form part of these financial statements

Sapphire Midco Limited

Statement of financial position as at 30 September 2021

	Note	30 September 2021 £'000	30 September 2020 £'000
Fixed assets			
Investments	8	309,222	309,222
Creditors: amounts falling due within one year	9	(41)	(41)
Net current liabilities		(41)	(41)
Total assets less current liabilities		309,181	309,181
Net assets		309,181	309,181
Capital and reserves			
Called up share capital	10	-	-
Share premium account	11	215,445	215,445
Profit and loss account	11	93,736	93,736
Total equity		309,181	309,181

For the year ended 30 September 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements on pages 5 to 12 were approved by the Board of Directors and authorised for issue on 17 December 2021.

Signed on behalf of the Board of Directors



P A Ladkin-Brand
Director

Sapphire Midco Limited

Company Registration Number: 11157151

The notes on pages 8 to 13 form part of these financial statements

Sapphire Midco Limited

Statement of changes in equity for the year ended 30 September 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
At 31 December 2019	-	-	796	796
Profit and total comprehensive income for the financial period	-	-	92,940	92,940
Shares issued in the period	-	215,445	-	215,445
At 30 September 2020	-	215,445	93,736	309,181
Profit and total comprehensive income for the financial year	-	-	16,900	16,900
Dividends paid	-	-	(16,900)	(16,900)
At 30 September 2021	-	215,445	93,736	309,181

The notes on pages 8 to 13 form part of these financial statements

Sapphire Midco Limited

Notes to the financial statements for the year ended 30 September 2021

1 General information

The company is an intermediate holding company. Its subsidiaries are specialist media businesses in the provision of printed, on-line and digital content. The company is a private company, limited by shares, incorporated and domiciled in England. The address of the registered office is Quay House, The Ambury, Bath, BA1 1UA.

2 Statement of compliance

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These financial statements are prepared on a going concern basis, under the historical cost convention and as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. There are not considered to be any areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The company is a wholly-owned subsidiary of Future plc and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The company has taken advantage of the exemption from preparing a cash flow statement, from disclosing key management personnel remuneration and from financial instruments disclosures as it is a qualifying subsidiary included in the publicly available consolidated financial statements of a parent company. The company has also taken advantage of the exemption not to disclose transactions between wholly owned entities in the group. The company discloses transactions with related parties which are not wholly owned group entities.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not always equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to investments. The carrying values of investments are reviewed and tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts which would include management judgements and assumptions which may not always accurately predict future events

Going concern

The directors have considered the financial position of the company in its context as an intermediate holding company in the Future plc group with no liabilities external to the group.

The group directors have confirmed that settlement of the remaining intercompany balance will not be required until resources are available to the company.

After making enquiries, the directors therefore have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

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Notes to the financial statements for the year ended 30 September 2021 (continued)

3 Summary of significant accounting policies (continued)

Taxation

The taxation expense or credit comprises current and deferred tax recognised in the profit for the financial year or in other comprehensive income or equity if it arises from amounts recognised in other comprehensive income or directly in equity. Current tax is provided at amounts expected to be paid (or recovered) in respect of the taxable profits for the period using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Investments are stated at cost less provisions for any impairment. Investments are tested for impairment when an event that might affect asset values has occurred.

Financial assets

Basic financial assets, including amounts owed by group undertakings and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank borrowings and loans and amounts due to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Borrowings are initially stated at the fair value of the consideration received after deduction of wholly attributable issue costs. Issue costs are amortised to the profit and loss account over the estimated life of the relevant borrowings.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's ordinary shares are classified as equity instruments.

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Notes to the financial statements for the year ended 30 September 2021 (continued)

4 Information regarding directors and employees

	2021	2020
	£'000	£'000
Directors' remuneration – aggregate emoluments	-	-

The company has no employees other than directors. The directors of the subsidiaries receive no emoluments for their services to this company.

5 Interest receivable

	2021	2020
	£'000	£'000
Interest receivable from group undertakings	-	2,743

6 Interest payable and similar charges

	2021	2020
	£'000	£'000
Interest and similar charges on other loans	-	2,102
Interest payable to group undertakings	-	27
Amortisation of issue costs	-	467
	-	2,596

7 Tax on profit

	2021	2020
	£'000	£'000
Deferred taxation		
Timing differences	-	(199)
Prior year adjustments	-	-
Tax charge	-	(199)

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Notes to the financial statements for the year ended 30 September 2021 (continued)

7 Tax on profit (continued)

Factors affecting the tax charge for the year/period

Tax on the profit for the year/period differs from the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2021	2020
	£'000	£'000
Profit before taxation	16,900	93,139
Taxation at standard rate of 19%	3,211	17,696
Factors affecting charge for the year/period:		
Income from shares in group undertakings not taxable	(3,211)	(17,668)
Disallowable expenses	-	283
Group relief received not paid for	-	(90)
Effect of different corporation and deferred tax rates	-	(22)
Tax charge on profit	-	199

In the UK budget of 3 March 2021, it was announced that the main corporation tax will increase from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 within the Finance Bill 2021.

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Notes to the financial statements for the year ended 30 September 2021

(continued)

8 Investments

	Investments in subsidiary undertakings £'000
Cost and net book value	
At 30 September 2020 and 2021	309,222

Details of the Company's subsidiary undertakings are set out below. Shares of those companies marked with a * are indirectly owned by the Company.

Company name and registered number	Country of incorporation	Nature of business	Holding %	Class of shares
Sapphire Bidco Limited 11157309	England and Wales ¹	Non-trading	100	£1 Ordinary shares
TI Media Limited* 00053626	England and Wales ¹	Non-trading	100	£1 Ordinary shares
Marketforce (UK) Limited* 00499150	England and Wales ¹	Dormant	100	£1 Ordinary shares
Future Publishing Limited 02008885	England and Wales ¹	Non-trading	100	£1 Ordinary shares
Ascent Publishing Limited* 02561341	England and Wales ¹	Non-trading	100	£1 Ordinary shares
Future Publishing (Overseas) Limited* 06202940	England and Wales ¹	Publishing	100	£1 Ordinary shares
Mozo Pty Ltd* ACN 128 199 208	Australia ³	Financial products comparison	100	\$1 Ordinary shares
Next Commerce Philippines Inc* CS201517783	Philippines ²	Dormant	100	₱1 Ordinary shares
Next Commerce Pty Ltd* 113 146 786	Australia ³	Comparison shopping	100	\$1 Ordinary shares
Pricepanda Group GmbH* HRB138471B	Germany ⁴	Dormant	100	€1 Ordinary shares

1 Registered office: Quay House, The Ambury, Bath, BA1 1UA, England

2 Registered office: 2/F GC Corporate Plaza, 150 Legaspi Street, Legaspi Village, Makati, Manila, Philippines

3 Registered office: Suite 3, Level 10, 100 Walker Street, North Sydney, NSW 2060, Australia

4 Registered office: Charlottenstraße 4, 10969 Berlin, Germany

9 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	41	41

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Notes to the financial statements for the year ended 30 September 2021 (continued)

10 Called up share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
4 (2020: 4) ordinary shares of £1	-	-

There is a single class of ordinary shares with no restriction on the distribution of dividends or repayment of capital.

As part of the group restructuring in the prior year, one £1 share was issued with a share premium of £1,096,620 with consideration settled by release of intercompany liabilities, one £1 share was issued with a share premium of £154,413,740 with consideration settled by reassignment of an intercompany receivable and one £1 share was issued with a share premium of £59,934,866 with the consideration settled by release of intercompany liabilities.

11 Reserves

The profit and loss account reserve represents cumulative net losses from the statement of comprehensive income. The share premium account represents the amount by which the issue price of shares exceeds the nominal value of the shares less any share issue expenses. Movements on the reserves are set out in the statement of changes in equity.

12 Contingent liabilities

The company is a guarantor in respect of the secured loan borrowings of other group companies parent company which at 30 September 2021 amounted to £506,000,000 (2020: £82,300,000).

13 Controlling party and consolidated financial statements

Future Holdings 2002 Limited was the immediate parent company and Future plc was the ultimate parent company in the group as of 30 September 2021. This company prepares publicly available consolidated financial statements which include the company. Copies of the Future plc consolidated financial statements can be obtained from Quay House, The Ambury, Bath, BA1 1UA.

No party has a controlling beneficial interest in the company.