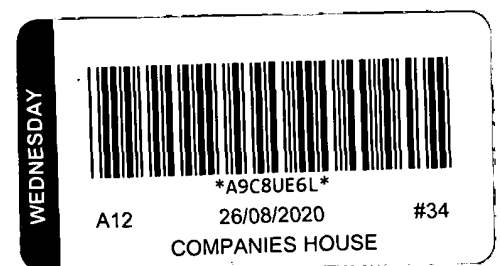


Registration number: 03709742

# **A&N Media Finance Services Limited**

Annual Report and Financial Statements

for the Period from 1 October 2018 to 29 September 2019



## **A&N Media Finance Services Limited**

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## **A&N Media Finance Services Limited**

### **Company Information**

**Directors** J J S Welsh

**Company secretary** F Sallas

**Registered office** Northcliffe House  
2 Derry Street  
Kensington  
London  
W8 5TT

**Solicitors** Reynolds Porter Chamberlain  
Tower Bridge House  
St Katherine's Way  
London  
E1W 1AA

**Bankers** The Royal Bank of Scotland plc  
Corporate Services  
PO Box 34  
15 Bishopsgate  
London  
EC2P 2AP

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

## **A&N Media Finance Services Limited**

### **Director's Report for the Period from 1 October 2018 to 29 September 2019**

The director presents his annual report on the affairs of A&N Media Finance Services Limited ("the Company"), together with the audited financial statements and Independent Auditors' report for the 52 week period from 1 October 2018 to 29 September 2019.

Details of the principal activities, principal risks and uncertainties including financial risk management and policies where appropriate can be found in the Strategic Report on pages 4 and 5 and form part of this report.

#### **Director of the Company**

The director of the Company who was in office during the period and up to the date of signing the financial statements was:

J J S Welsh

#### **Future developments**

The director expects the general level of activity of the Company to remain consistent with prior periods and the Company's principal activities are not expected to change substantially.

As noted in Note 2 Going concern and Note 21 Non adjusting events after the financial period, the COVID-19 pandemic and measures taken to contain the virus have impacted the Company post year end.

As part of their assessment of the impact of the COVID-19, the Directors of the DMGT Group ("the Group") have obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its operating subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income. These forecasts and projections have been used in the assessment of the carrying values of these subsidiaries, associates and financial assets at fair value through other comprehensive income. In addition, the Directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario, the Group did not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants.

## **A&N Media Finance Services Limited**

### **Director's Report for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **Going concern**

The director has considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The Company is in a net current assets position as at 29 September 2019 however may be negatively impacted by COVID-19. The Company's parent, Daily Mail and General Trust plc ("DMGT") has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. The Group has considered the impact of COVID-19 and has obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its trading subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income to assist in this assessment. In addition, the Group directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario the Group does not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants. After due consideration the Group directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and provide financial support to its subsidiaries for at least twelve months from the date of this report.

After making enquiries, the director of the Company therefore has a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for at least twelve months from the date of this report and have therefore continued to adopt the going concern basis in preparing the financial statements.

#### **Dividends**

The Company has paid no dividends for the period (2018: £nil). The director does not recommend payment of a final dividend (2018: £nil).

#### **Prior Period Adjustment**

During 2017 a number of group companies were liquidated however their intercompany balances with A&N Media Finance Services Limited were not written off. The Company has now written these amounts off, being £9,619,000. The 2017 comparatives have been restated accordingly.

The effect of this adjustment was to increase retained earnings and reduce amounts owed by group undertakings by £9,619,000. There was no tax impact on these adjustments.

## **A&N Media Finance Services Limited**

### **Director's Report for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **Non adjusting events after the financial period**

On 5 December 2019, pursuant to a consolidation of the Group's holding structure, the Company's ultimate parent company, Rothermere Continuation Limited (RCL) was acquired by Rothermere Investments Limited (RIL), a company incorporated in Jersey, in the Channel Islands. RIL now holds 100% of DMGT's issued Ordinary Shares. The underlying control of DMGT, however, remains unchanged and continues to lie with a discretionary trust (the Trust) that is held for the benefit of Lord Rothermere and his immediate family. Both RIL and the Trust are administered in Jersey. RIL and its directors, and the Trust are related parties of the Company. RIL has subsequently renamed itself RCL.

On 30 January 2020 the World Health Organisation (WHO) declared a Health Emergency and on 11 March 2020 a Global Pandemic following the outbreak of Coronavirus (COVID-19) the directors have considered this to be a non adjusting post balance sheet event.

As part of their assessment of the impact of the COVID-19, the Directors of the Group have obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its operating subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income. These forecasts and projections have been used in the assessment of the carrying values of these subsidiaries, associates and financial assets at fair value through other comprehensive income. In addition, the Directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario, the Group did not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants.

## **A&N Media Finance Services Limited**

### **Director's Report for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **Director's Report (continued)**

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

#### **Disclosure of information to the auditors**

The director at the date of approval of this report confirms that:

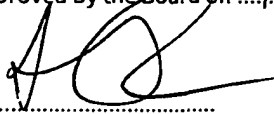
This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Reappointment of auditors**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 1/7/20 and signed on its behalf by:



J J S Welsh  
Director

## **A&N Media Finance Services Limited**

### **Strategic Report for the Period from 1 October 2018 to 29 September 2019**

The director presents his director presents his Strategic Report for the period from 1 October 2018 to 29 September 2019.

#### **Principal activities**

The principal activity of the Company is the operation of a shared services centre to provide finance and related IT services to members of the Daily Mail and General Trust plc group ("DMGT"). The director does not anticipate any change to the activity for the foreseeable future.

The Company is a wholly owned subsidiary of DMGT and operates as part of their dmg media division. The performance of the group's dmg media division of DMGT, which includes the Company, is discussed in the DMGT Annual Report (available at [www.dmg.co.uk](http://www.dmg.co.uk)) which does not form part of this Report.

#### **Operating and business review**

As shown in the income statement, revenue totalled £3,173,000 (2018: £3,098,000). The operating loss for the financial period was £432,000 (2018: profit of £618,000).

The loss for the financial period of the Company amounted to £506,000 (2018: profit of £958,000). Total Shareholders' Funds as at 29 September 2019 was £51,101,000 (2018 restated: £51,955,000).

The Company's key financial and other performance indicators during the period were as follows:

	<b>Unit</b>	<b>2019</b>	<b>2018</b>
Operating (loss)/ profit	£000	(432)	618
% operating (loss)/ profit	%	(14)	20
(Loss)/ profit for the financial period	£000	(506)	958
Employees (monthly average number)	FTE	65	67
Net assets (2018: restated)	£000	51,101	51,955

#### **Principal risks and uncertainties**

##### **Demand**

The Company provides services to other members of the DMGT group and as such, is reliant on the success of those businesses if it is to continue functioning. These businesses can be affected by economic conditions, technological innovations, changing legislation and competitor activity. The Company mitigates this risk by constantly reviewing its resources in line with changes in workload and ensuring its processes are as efficient as possible.

##### **Liquidity and cash flow risk**

The Company manages its cash flow through its financing within the DMGT Group. The Company participates in the DMGT cash pooling arrangements and as such cash flow risk is managed at group level. Details of the DMGT Group's management of this risk can be found in its consolidated financial statements which are publicly available.



## **A&N Media Finance Services Limited**

### **Strategic Report for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **Business continuity event (e.g. pandemic, epidemic, natural or manmade disaster)**

The Company faces business continuity risk associated with an event such as a pandemic, epidemic, natural or manmade disaster. Despite the seamless transition by the Company to remote working, following the onset of COVID-19, this specific additional principal risk has been included to reflect the potential operational and financial consequences of such a business continuity event.

As well as an immediate impact on operations, an event may have an extended effect, as is expected to be the case with the COVID-19 pandemic. The safety of employees on their commute, as well as in the workplace, is a priority and containment measures to control the pandemic are likely to continue to affect working practices for an extended period of time.

The Company has implemented a number of operational actions designed to preserve liquidity and reduce costs in response to COVID-19 including a salary substitution plan although the Company has not taken any government financial support and no employees have been furloughed. Variable costs have decreased naturally, due to reduced revenues. There have also been measured reductions in discretionary spending, further supporting the Company's cash generation.

#### **Economic and geopolitical uncertainty**

The significance of this risk has increased during the period because of the current COVID-19 pandemic and the containment measures put in place to control it. There is an increasing likelihood of an imminent and severe global recession.

#### **Corporate responsibility review**

##### **Employees**

Details of the number of Company employees and related costs can be found in the notes to the financial statements.

##### **Employment of disabled persons**

The Company gives full and fair consideration to suitable applications from disabled persons for employment. If existing employees become disabled they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible be identical with that of other employees.

##### **Employee involvement**

The Company participates in the DMGT Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.


**A&N Media Finance Services Limited**

**Strategic Report for the Period from 1 October 2018 to 29 September 2019  
(continued)**

**Environmental matters**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Company's activities. Initiatives designed to minimise the Company's net impact on the environment include the safe disposal of manufacturing waste, recycling and reducing energy consumptions.

Approved by the Board on 1/7/20 and signed on its behalf by:



J J S Welsh  
Director

Date: 1/7/20

## **A&N Media Finance Services Limited**

### **Statement of Director's Responsibilities**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then 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 director is 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 director is 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.

# ***Independent auditors' report to the members of A&N Media Finance Services Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, A&N Media Finance Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 September 2019 and of its loss for the 52 week period (the "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 statement of financial position as at 29 September 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **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.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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### **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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 29 September 2019 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.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Director's Responsibilities set out on page 9, 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.

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](http://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.

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## **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 received 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.



Jennifer Dicke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
1 July 2020

## **A&N Media Finance Services Limited**

### **Income Statement for the Period from 1 October 2018 to 29 September 2019**

		<b>Period ended 29 September 2019 £ 000</b>	<b>Period ended 30 September 2018 £ 000</b>
	<b>Note</b>		
Revenue	4	3,173	3,098
Administrative expenses		<u>(3,605)</u>	<u>(2,480)</u>
Operating (loss)/profit	5	(432)	618
Exceptional items	6	<u>-</u>	<u>300</u>
(Loss)/profit before taxation		(432)	918
Tax on (loss)/profit	10	<u>(74)</u>	<u>40</u>
(Loss)/profit for the financial period		<u><u>(506)</u></u>	<u><u>958</u></u>

The above results were derived from continuing operations.

The notes on pages 17 to 31 form an integral part of these financial statements.

**A&N Media Finance Services Limited**

**Statement of Comprehensive Income for the Period from 1 October 2018 to 29 September 2019**

	<b>Period ended 29 September 2019 £ 000</b>	<b>Period ended 30 September 2018 £ 000</b>
(Loss)/profit for the financial period	<u>(506)</u>	<u>958</u>
Total comprehensive (expense)/income for the period	<u><u>(506)</u></u>	<u><u>958</u></u>

The notes on pages 17 to 31 form an integral part of these financial statements.

# **A&N Media Finance Services Limited**

## **Statement of Changes in Equity for the Period from 1 October 2018 to 29 September 2019**

		(Restated) Retained earnings £ 000	(Restated) Total Shareholders' funds £ 000
At 2 October 2017 (restated)	-	50,997	50,997
Profit for the financial period	-	958	958
Total comprehensive income for the period	-	958	958
At 30 September 2018 (restated)	-	51,955	51,955
	<b>Called up share capital £000</b>	<b>(Restated) Retained earnings £000</b>	<b>(Restated) Total shareholders' funds</b>
At 1 October 2018 (restated)	-	51,955	51,955
Loss for the financial period	-	(506)	(506)
Total comprehensive income for the period	-	(506)	(506)
Cancellation of intercompany balances	-	(348)	(348)
At 29 September 2019	-	51,101	51,101

The notes on pages 17 to 31 form an integral part of these financial statements.



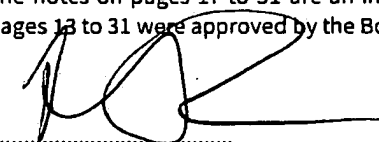
**A&N Media Finance Services Limited**

**(Registration number: 03709742)**

**Statement of Financial Position as at 29 September 2019**

		<b>29 September 2019 £ 000</b>	<b>30 September 2018 £ 000</b>
	<b>Notes</b>		
<b>Current assets</b>			
Debtors	11	609,397	569,001
Deferred tax assets		479	762
Cash at bank and in hand		398	1,254
		<u>610,274</u>	<u>571,017</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	12	(559,122)	(518,975)
Loans and borrowings	13	-	(17)
Creditors: Amounts falling due within one year		<u>(559,122)</u>	<u>(518,992)</u>
Total assets less current liabilities		51,152	52,025
Provisions for liabilities	15	(51)	(70)
Net assets		<u>51,101</u>	<u>51,955</u>
<b>Capital and reserves</b>			
Retained earnings		<u>51,101</u>	<u>51,955</u>
Shareholders' funds		<u>51,101</u>	<u>51,955</u>

The notes on pages 17 to 31 are an integral part of these financial statements. The financial statements on pages 13 to 31 were approved by the Board and signed on its behalf by:



J J S Welsh

Director

1/7/20

The notes on pages 17 to 31 form an integral part of these financial statements.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019**

#### **1 General information**

The Company is a private company limited by share capital incorporated in United Kingdom.

The address of its registered office is:

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

#### **2 Accounting policies**

##### **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 periods presented, unless otherwise stated.

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

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101).

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial period ended 29 September 2019 consists of 52 weeks (2018: 52 weeks).

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions**

###### **Cash Flow Statement**

The Company has utilised the exemptions provided under IAS 7 'Statement of Cash Flows' and has not presented a cash flow statement. A consolidated cash flow statement has been presented in the Group's Annual Report.

###### **Related Party Transactions**

The Company has taken advantage of the exemptions under IAS 24 'Related party disclosures' not to disclose transactions or balances with entities that are part of the DMGT Group and not to disclose transactions and emoluments to key management personnel.

###### **Financial Statements**

The Company has taken advantage of the exemption under IAS 1 not to present the third balance sheet for the period ended 1 October 2017.

##### **Going concern**

The director has considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The Company is in a net current assets position as at 29 September 2019 however may be negatively impacted by COVID-19. The Company's parent, Daily Mail and General Trust plc ("DMGT") has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. The Group has considered the impact of COVID-19 and has obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its trading subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income to assist in this assessment. In addition, the Group directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario the Group does not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants. After due consideration the Group directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and provide financial support to its subsidiaries for at least twelve months from the date of this report.

After making enquiries, the director of the Company therefore has a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for at least twelve months from the date of this report and have therefore continued to adopt the going concern basis in preparing the financial statements.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Changes resulting from adoption of IFRS 9 and IFRS 15**

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contract with Customers became mandatorily effective on 1 January 2018. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets; and hedge accounting. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations, introducing a five step approach to revenue recognition and applies to all revenue arising from contracts with its customers.

The new standards have an immaterial effect on this Company.

##### **Revenue recognition**

Revenue which excludes value added tax, represents the invoiced value of goods and services supplied and are stated after the deduction of trade discounts. Revenue is recognised as services are provided.

##### **Créditor payment policy**

The Company's policy on supplier payments is to agree terms of payment at the time of placing an order for goods or services. Unless different terms have been negotiated at the outset, the normal payment terms of the supplier will be accepted. The Company makes every effort to abide by the terms agreed with each supplier.

##### **Foreign currency transactions and balances**

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the period end. Revenue and expense items are translated at the exchange rate on the date of the transaction, except where they are covered by forward contracts, in which case the forward rate is used. All exchange differences are included in the Income Statement.

##### **Tax**

Tax is recognised in the Income Statement, except when it relates to items recognised directly to equity, in which case the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade payables**

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

##### **Provisions**

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly to privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Defined benefit pension obligation**

Some of the Company's employees, in the period, belonged to defined benefit schemes whose assets and liabilities are borne by a fellow group company, Associated Newspapers Limited.

##### **Prior Period Adjustment**

During 2017 a number of group companies were liquidated however their intercompany balances with A&N Media Finance Services Limited were not written off. The Company has now written these amounts off, being £9,619,000. These financial statements have been restated accordingly.

The effect of this adjustment was to increase retained earnings and reduce amounts owed by group undertakings by £9,619,000. There was no tax impact on these adjustments.

## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty

There were no critical accounting estimates and judgements made in preparing these financial statements.

#### 4 Revenue

The analysis of the Company's revenue for the period from continuing operations is as follows:

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
Sale of goods	<u>3,173</u>	<u>3,098</u>

Revenue from continuing operations can be classified geographically as follows:

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
United Kingdom	<u>3,173</u>	<u>3,098</u>

#### 5 Operating profit

Arrived at after charging/ (crediting)

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
Foreign exchange losses/(gains)	415	(619)
Operating lease expense - property	75	76
Operating lease expense - plant and machinery	8	8
Operating lease expense - other	<u>17</u>	<u>20</u>

There were no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company (2018: £nil). Audit fees of £16,000 were borne by Associated Newspapers Limited, a fellow group company.

## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)

#### 6 Exceptional items

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
Exceptional items	-	(300)

Other exceptional items of £300,000, in 2018, relate to the cancellation of intercompany balances.

#### 7 Staff costs

The aggregate payroll costs (excluding director's remuneration) were as follows:

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
Wages and salaries	2,242	2,323
Social security costs	232	203
Other pension costs	132	128
	<u>2,606</u>	<u>2,654</u>

The monthly average number of persons employed by the Company (excluding the director) during the period, analysed by category was as follows:

	Period ended 29 September 2019 Number	Period ended 30 September 2018 Number
Administration and support	<u>65</u>	<u>67</u>

#### 8 Director's remuneration

The emoluments for the period ended 29 September 2019 of J J S Welsh were paid by Associated Newspapers Limited and are excluded from the details above. It is not practicable to split his remuneration between the services provided to Associated Newspapers Limited and other subsidiaries of Daily Mail and General Trust plc. The part of his remuneration in respect of services for the Company is considered immaterial. The remuneration of J J S Welsh is fully disclosed in the financial statements of Associated Newspapers Limited, a company of which he is a director.

The key management personnel of the Company is considered to be the same as the director of the Company.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **9 Auditors' remuneration**

	<b>Period ended 29 September 2019 £ 000</b>	<b>Period ended 30 September 2018 £ 000</b>
Audit of the financial statements	<u>17</u>	<u>15</u>

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company are £nil (2018: £nil).



# A&N Media Finance Services Limited

## Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)

### 10 Tax on profit

Tax charged/ (credited) in the income statement

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
<b>Current taxation</b>		
UK corporation tax	(197)	-
(Decrease)/ increase in current tax from adjustment to prior periods	(12)	15
	<u>(209)</u>	<u>15</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	103	(55)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	180	-
Total deferred taxation	<u>283</u>	<u>(55)</u>
Tax charge/(credit) in the income statement	<u>74</u>	<u>(40)</u>

The tax on profit before taxation for the period is lower than the standard rate of corporation tax in the UK (2018 : lower than the standard rate of corporation tax in the UK) of 19% (2018 : 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
(Loss)/profit before tax	<u>(432)</u>	<u>918</u>
Corporation tax at standard rate	(82)	174
(Decrease)/increase in current tax from adjustment for prior periods	(12)	15
Decrease from effect of income exempt from taxation	-	(236)
Deferred tax expense from unrecognised temporary difference from a prior period	180	-
Deferred tax income/ expense relating to changes in tax rates or laws	<u>(12)</u>	<u>7</u>
Total tax charge/(credit)	<u>74</u>	<u>(40)</u>

## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)

#### 10 Tax on profit (continued)

Under FRS101, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was enacted in September 2016 to reduce the main rate of UK corporation tax from 19% to 17%. Hence, the tax rate of 17% has been applied in the calculation of deferred tax except where the timing difference is expected to reverse before 1 April 2020 in which case the appropriate rate has been used. Subsequently, in March 2020 and after the Balance Sheet date, further legislation was enacted to cancel the reduction of the main rate of corporation tax with 19% being retained for future periods. The deferred tax balances will be revised accordingly in the Financial Statements for the year ending 30 September 2020 and the effect to the deferred tax balance recognised as at 30 September 2019 will be that an additional asset of £56,000 will be recognised.

#### Deferred tax

##### Deferred tax assets

	Asset £ 000
<b>2019</b>	
Accelerated tax depreciation	479
Tax credits	-
Tax losses carry-forwards	-
	<u>479</u>
<b>2018</b>	
Accelerated tax depreciation	708
Tax credits	45
Tax losses carry-forwards	9
	<u>762</u>

## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)

#### 10 Tax on profit (continued)

Deferred tax movement during the period:

	1 October 2018	Recognised in income	29 September 2019
	£ 000	£ 000	£ 000
Accelerated tax depreciation	708	(229)	479
Tax credits	45	(45)	-
Tax losses carry-forwards	9	(9)	-
Net tax assets/(liabilities)	<u>762</u>	<u>(283)</u>	<u>479</u>

Deferred tax movement during the prior period:

	2 October 2017	Recognised in income	30 September 2018
	£ 000	£ 000	£ 000
Accelerated tax depreciation	707	1	708
Tax credits	-	45	45
Tax losses carry-forwards	-	9	9
Net tax assets/(liabilities)	<u>707</u>	<u>55</u>	<u>762</u>

The director is of the opinion that it is more likely than not that the level of taxable profits in future financial periods in the Company and the wider UK group will be sufficient to recover the recognised deferred tax asset.

#### 11 Trade and other debtors

	29 September 2019	30 September 2018
	£ 000	£ 000
Amounts owed by group undertakings	607,036	568,630
Prepayments and accrued income	31	27
Other receivables	<u>2,330</u>	<u>344</u>
Total current trade and other receivables	<u>609,397</u>	<u>569,001</u>

Amounts owed to group undertakings are repayable on demand and are interest free.

Other receivables includes an income tax asset of £197,000 (2018: £nil) from group.

## A&N Media Finance Services Limited

### Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)

#### 12 Creditors: amounts falling due within one year

	29 September 2019 £ 000	(Restated) 30 September 2018 £ 000
<b>Current liabilities</b>		
Trade payables	17,794	22,545
Accruals and deferred income	422	531
Amounts owed to group undertakings	534,359	488,471
Social security and other taxes	4,579	5,109
Outstanding defined contribution pension costs	919	870
Other creditors	1,049	1,449
	<u>559,122</u>	<u>518,975</u>

A&N Media Finance Services Limited provides a purchase ledger service for a number of subsidiaries of the Daily Mail and General Trust plc group.

Amounts owed to group undertakings are repayable on demand and are interest free.

The restatement of the 2018 comparatives is explained on page 2 of these financial statements.

#### 13 Borrowings

	29 September 2019 £ 000	30 September 2018 £ 000
<b>Current loans and borrowings</b>		
Bank overdrafts	<u>-</u>	<u>17</u>

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **14 Obligations under leases and hire purchase contracts**

##### **Operating leases**

The Company leases plant and machinery and motor vehicles under non-cancellable operating leases. The lease terms are between 3 and 4 years.

The total future value of minimum lease payments is as follows:

	<b>29 September 2019 £ 000</b>	<b>30 September 2018 £ 000</b>
Within one year	17	35
In two to five years	16	52
	<u>33</u>	<u>87</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £26,000 (2018: £29,000).

#### **15 Provisions for liabilities**

	<b>Other provisions £ 000</b>	<b>Total £ 000</b>
At 1 October 2018	70	70
Provisions used	(19)	(19)
At 29 September 2019	<u>51</u>	<u>51</u>

Other provisions of £51,000 (2018: £70,000) relates to £40,000 dilapidations provision (2018: £55,000) and £11,000 for rent free period (2018: £15,000).

#### **16 Pension and other schemes**

The total net pension costs of the Company for the period ended 29 September 2019 were £132,000 (2018: £127,000). The defined contribution scheme is administered by a third party.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **17 Contingent liabilities**

The Company, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow subsidiaries of the Daily Mail and General Trust plc group. The maximum liability under the guarantee is limited to the credit balances in those bank accounts which are part of the interest set-off arrangements together with the proceeds of any items in the course of collection for the credit of such bank accounts. At 29 September 2019, the potential liability was £2,457,000 (2018: £2,088,000).

#### **18 Called up share capital**

##### **Allotted, called up and fully paid shares**

	<b>At 29 September 2019</b>		<b>At 30 September 2018</b>	
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Ordinary of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

#### **19 Related party transactions**

During the year, the Company carried out a number of transactions with related parties in the normal course of business.

The Company has taken advantage of the exemption under IAS 24 "Related party disclosure" for wholly-owned subsidiaries not to disclose transactions and balances with fellow subsidiaries and group related parties. The Company has also taken advantage of the exemption not to disclose key management compensations.

During the year an amount of £75,000 was paid to Harmsworth Pooled Property Unit Trust, in relation to property lease charges. The lease for this building is held by Associated Newspapers Limited and the related lease commitment is disclosed in the statutory accounts of that company.

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **20 Ultimate parent company and controlling party**

The Company's ultimate parent Company is Rothermere Continuation Limited (RCL), a company incorporated in Bermuda.

Rothermere Continuation Limited (RCL) is a holding company incorporated in Bermuda. The main asset of RCL is its 100% holding of DMGT's issued Ordinary shares. RCL has controlled DMGT for many years and as such is its immediate parent company. RCL is controlled by a discretionary trust ("the Trust") which is held for the benefit of Viscount Rothermere and his immediate family. The Trust represents the ultimate controlling party of the Company. Both RCL and the Trust are administered in Jersey, in the Channel Islands. RCL and its directors, and the Trust are related parties of the Company.

#### **Relationship between entity and parents**

The largest and smallest group of which the Company is a member and from which group financial statements are drawn up is that of Daily Mail and General Trust Plc, incorporated in United Kingdom.

Copies of the report and financial statements are available from the Company Secretary at:

Northcliffe House  
2 Derry Street  
London  
UK  
W8 5TT

## **A&N Media Finance Services Limited**

### **Notes to the Financial Statements for the Period from 1 October 2018 to 29 September 2019 (continued)**

#### **21 Non adjusting events after the financial period**

On 5 December 2019, pursuant to a consolidation of the Group's holding structure, the Company's ultimate parent company, Rothermere Continuation Limited (RCL) was acquired by Rothermere Investments Limited (RIL), a company incorporated in Jersey, in the Channel Islands. RIL now holds 100% of DMGT's issued Ordinary Shares. The underlying control of DMGT, however, remains unchanged and continues to lie with a discretionary trust (the Trust) that is held for the benefit of Lord Rothermere and his immediate family. Both RIL and the Trust are administered in Jersey. RIL and its directors, and the Trust are related parties of the Company. RIL has subsequently renamed itself RCL.

On 30 January 2020 the World Health Organisation (WHO) declared a Health Emergency and on 11 March 2020 a Global Pandemic following the outbreak of Coronavirus (COVID-19).

IAS 10, Events After the Reporting Period, describes an adjusting post balance sheet event as one which provides evidence of conditions which existed at the balance sheet date which may lead to adjustments in the Company's financial statements and describes a non-adjusting post balance sheet event as one which is indicative of conditions that arose after balance sheet date.

Since a decline in future cash flows could result in an impairment of the Company's assets the Company has classified the COVID-19 pandemic as a non-adjusting post balance sheet event since the pandemic occurred after the balance sheet date.

As part of their assessment of the impact of the COVID-19, the Directors of the Group have obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its operating subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income. These forecasts and projections have been used in the assessment of the carrying values of these subsidiaries, associates and financial assets at fair value through other comprehensive income. In addition, the Directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario, the Group did not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants.