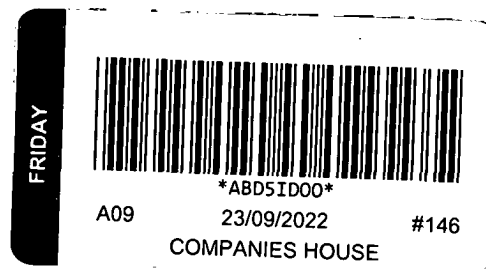


# MGN Limited

Registration number: 2571173

Annual Report and Financial Statements

52 weeks ended 26 December 2021



# **MGN Limited**

**(Registration number: 2571173)**

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**MGN Limited****(Registration number: 2571173)****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 26 December 2021

The directors present their Strategic Report for the 52 weeks ended 26 December 2021.

### Fair review of the business

#### Business review

Performance in the year reflects a strong recovery against a year significantly impacted by COVID-19, while also demonstrating the benefits of delivery against our strategic objectives.

The digital growth benefited from our Customer Value Strategy which focuses on growing reader consumption of our content (or page views) and delivering more targeted or relevant advertising to our customers. Digital revenues are an increasing percentage of total revenues, increasing from 17% in 2020 to 19% in 2021.

#### Year on Year Revenue Change

	Q1	Q2	Q3	Q4	FY
	%	%	%	%	%
Print	(2)	13	1	(3)	2
Digital	33	70	14	(7)	20
<b>Total Revenue</b>	<b>3</b>	<b>21</b>	<b>4</b>	<b>(4)</b>	<b>5</b>

The average monthly circulation volumes of our national newspapers were as follows below:

	2021 Volume actual <sup>a</sup> 000	2020 Volume actual <sup>a</sup> 000
Daily Mirror	354	395
Sunday People	109	128
Sunday Mirror	286	327

<sup>a</sup> Average ABC circulation excluding sampling for the 12 months to December 2021 and December 2020.

Page views for our key websites are set out below:

	2021 Page Views <sup>b</sup>	2020 Page Views <sup>b</sup>
Mirror	352,914,423	382,670,887
Irish Mirror	38,271,139	30,279,286
Belfast Live	14,963,959	13,366,507
Dublin Live	14,082,263	13,326,005

<sup>b</sup> Google Analytics average monthly January to December.

MGN Limited (the "company") has consistently proactively managed its cost base with savings delivered through natural mitigation where volumes decline, day-to-day management interventions and structural programmes which permanently remove costs. A key priority for the company is maintaining quality journalism whilst ensuring the commercial viability and profitability of the Reach brands into the future. To achieve this we continue to drive efficiencies that do not adversely impact our products.

During 2021 the company benefited from cost savings from last year's transformation programme and this supported investment in the Customer Value Strategy.

Operating profit increased by 2% from £51,283,000 to £52,276,000 and operating margin remained at 27%.

On 7 April 2021, the trade and assets of Independent Star Limited were transferred to MGN Limited at net book value with consideration being intercompany through the entering into a sale and purchase agreement. The effective date of this transaction was 28 December 2020.

## **MGN Limited**

(Registration number: 2571173)

### **Strategic Report for the 52 weeks ended 26 December 2021 (continued)**

#### **Financial position and future prospects**

The financial position of the company is set out on page 12. The directors are satisfied as to the future prospects of the company. The directors are 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 increased by £8,790,000 (2020: £9,451,000) due to the profit for the period 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 key performance indicators that the company uses are revenue, operating profit, operating margin and audience measures. In a challenging market, as has been experienced during the period, the company seeks to target performance in line with or ahead of competitors or comparators taking account of the company's strategy. The key performance indicators are outlined in the business review above.

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

The principal risks and uncertainties outlined in the 2021 Reach plc Annual Report are applicable to the company. Specifically the principal risks to the company is of the macro-economic deterioration which encompasses the economic impact of the COVID-19 pandemic and follow-on effects, 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 and focus on developing digital revenue streams through the Customer Value Strategy.

#### **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 15 of the 2021 Reach plc Annual Report, which does not form part of this report.

Section 172 compliance outlined in the 2021 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, colleagues, customers and suppliers.

Approved by the Board on 21 September 2022 and signed on its behalf by:



.....  
Simon Fuller  
Director

## **MGN Limited**

(Registration number: 2571173)

### **Directors' Report for the 52 weeks ended 26 December 2021**

The directors present their report and the audited financial statements for the 52 weeks ended 26 December 2021.

#### **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 activities**

The principal activity of the company is the publishing of newspapers and related digital activities. Key brands include the Daily Mirror, the Sunday Mirror, the Sunday People and websites.

#### **Results and dividends**

The results for the period are set out on page 10. The profit for the period of £43,790,000 (2020: £41,451,000) has been transferred to reserves. During the period, a dividend of £35,000,000 was paid to the immediate parent undertaking (2020: £32,000,000). No dividends have been proposed or paid since the period end (2020: £nil).

#### **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. We formalised our approach to hybrid working in early 2021, taking employee feedback into account to move to a primarily remote working model, giving our people more flexibility and opening up a wider talent pool. Newly designed 'hub' spaces provide space for collaboration and in-person training. Diversity and Inclusion has also been a key focus in 2021. We brought in a dedicated Inclusion team and designed a strategy with the clear aim of making our organisation a place where anybody has the opportunity to get in and get on. Through this strategy, we have established six inclusion networks, each representing a different aspect 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 entity, as part of the wider Reach plc group, undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

## **MGN Limited**

(Registration number: 2571173)

### **Directors' Report for the 52 weeks ended 26 December 2021 (continued)**

#### **Financial position and future prospects**

The company's future developments are integrated with those of the Group, which are discussed in the 2021 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 3.

#### **Branches outside the United Kingdom**

The company operates a branch in Ireland.

#### **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, and considered the progress being made in the Customer Value Strategy and the implications of the current economic environment including the continuing impact of COVID-19 and inflationary pressures.

The company has net current assets of £599,828,000 at 26 December 2021, which includes net amounts owed from other subsidiary undertakings of Reach plc of £611,764,000. The directors note that Reach plc group has a strong balance sheet and liquidity with a net cash positive position of £65,700,000 at 26 December 2021. This represents a cash balance of £65,700,000 with no draw down on the group's revolving credit facility of £120,000,000.

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 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**

At the time of signing the accounts, we acknowledge the ongoing war in Ukraine. This does not constitute an adjusting event under IAS 10 'Events after the reporting period'. In the second quarter of 2022, the market has experienced reduced advertiser demand and lower average yields, with the war in Ukraine significantly reducing the level of 'brand safe' content for news publishers.

#### **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.

#### **Independent auditors**

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

**Directors' Report for the 52 weeks ended 26 December 2021 (continued)**

**Statement of Directors' Responsibilities in Respect of the Financial Statements**

The directors are responsible for preparing the Annual Report and Financial Statements 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 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 directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

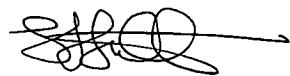
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the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

Approved by the Board on 21 September 2022 and signed on its behalf by:



.....  
Simon Fuller  
Director

# Independent auditors' report to the members of MGN Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, MGN Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 26 December 2021 and of its profit 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 26 December 2021; the Profit and Loss Account 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 26 December 2021 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law 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 tax legislation and 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 the manipulation of significant accounting estimates and the posting of inappropriate journals to increase revenue, reduce expenditure or misappropriate cash. 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.
- Requesting legal confirmations from external lawyers and reviewing the nature of legal expenses.
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above.
- 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](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.

## **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.



Colin Bates (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

21 September 2022

**MGN Limited**  
(Registration number: 2571173)

**Profit and Loss Account**  
for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

		52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
Turnover	3	196,551	186,732
Cost of sales		<u>(124,676)</u>	<u>(114,331)</u>
Gross profit		71,875	72,401
Distribution costs		(10,825)	(10,580)
Administrative expenses		<u>(8,774)</u>	<u>(10,538)</u>
Operating profit	4	52,276	51,283
Interest payable and similar expenses	10	<u>(15)</u>	<u>(26)</u>
Profit before tax		52,261	51,257
Tax on profit	6	<u>(8,471)</u>	<u>(9,806)</u>
Profit for the financial period		<u>43,790</u>	<u>41,451</u>

All turnover and results arose from continuing operations.

There is no other comprehensive income other than the profit for the period (2020: £nil). Accordingly, a separate statement of comprehensive income has not been presented.

**MGN Limited**  
(Registration number: 2571173)

**Statement of Changes in Equity**  
for the 52 weeks ended 26 December 2021 (52 weeks ended 27 December 2020)

	<b>Called up share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 30 December 2019	100,000	777,982	877,982
Profit for the period	-	41,451	41,451
Dividends (note 7)	-	(32,000)	(32,000)
At 27 December 2020	<u>100,000</u>	<u>787,433</u>	<u>887,433</u>

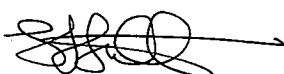
	<b>Called up Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 28 December 2020	100,000	787,433	887,433
Profit for the period	-	43,790	43,790
Dividends (note 7)	-	(35,000)	(35,000)
At 26 December 2021	<u>100,000</u>	<u>796,223</u>	<u>896,223</u>

**MGN Limited**  
(Registration number: 2571173)

**Balance Sheet**  
at 26 December 2021 (at 27 December 2020)

	Note	26 December 2021 £ 000	27 December 2020 £ 000
<b>Non-current assets</b>			
Intangible assets	9	300,000	300,000
Right of use assets	10	487	643
Investments	8	-	-
		<u>300,487</u>	<u>300,643</u>
<b>Current assets</b>			
Deferred tax asset	6	148	153
Debtors	11	614,589	607,100
Cash at bank and in hand		1,505	392
		<u>616,242</u>	<u>607,645</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(16,414)</u>	<u>(15,862)</u>
<b>Net current assets</b>		<u>599,828</u>	<u>591,783</u>
<b>Total assets less current liabilities</b>		900,315	892,426
<b>Creditors: Amounts falling due after more than one year</b>	13	(289)	(425)
<b>Provisions for liabilities</b>	15	<u>(3,803)</u>	<u>(4,568)</u>
<b>Net assets</b>		<u>896,223</u>	<u>887,433</u>
<b>Capital and reserves</b>			
Called up share capital	16	100,000	100,000
Profit and loss account	16	<u>796,223</u>	<u>787,433</u>
<b>Total shareholders' funds</b>		<u>896,223</u>	<u>887,433</u>

The financial statements on pages 10 to 26 were approved by the Board of Directors on 21 September 2022 and signed on its behalf by:



.....  
Simon Fuller  
Director

## **MGN Limited**

(Registration number: 2571173)

### **Notes to the Financial Statements for the 52 weeks ended 26 December 2021**

#### **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 MGN 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 26 December 2021 and the comparative period has been prepared for the 52 weeks ended 27 December 2020.

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 18 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 18.

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.

##### **Amendments to IFRSs and new Interpretations that are mandatorily effective for the current year**

There were no amendments to IFRSs or new interpretations effective for the current period that have had a material impact on the company's financial statements.

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**2 Basis of preparation and significant accounting policies (continued)**

**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.

**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.

The sources of revenue for the company are circulation, print advertising (including digital classified which is predominately upsold from print), print other (contract publishing, syndication, 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.

Payment is received in line with the satisfaction of performance obligations. Where this is not the case, accrued or deferred revenue is recognised. The majority of customers are on a credit term of 25 to 60 days.

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:

**Circulation revenue**

The company sells newspapers and magazines through wholesalers on a sale and return basis. Revenue is recognised when the performance obligation has been fulfilled being when the publication has been delivered to the wholesaler. Revenue is measured at cover price less the contractual wholesaler and retailer margins.

**Print advertising revenue**

Print advertising revenue includes digital classified revenue which is predominantly upsold from print advertising. Revenue comprises third-party clients and agency contracts. 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 on a straight-line basis over the period of the campaign reflecting the pattern in which the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract. Rebates are recognised based on the level of third-party spend over the contract period. Rebates are only recognised where the third-party has a clear entitlement to the receipt of the rebate and a reliable estimate can be made.

**Print other revenue**

Print other revenues includes contract publishing, 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.

**Foreign currency transactions and balances**

Transactions denominated in foreign currencies are translated at the rates of exchange prevailing on the date of the transactions. At each reporting date, items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on settlement and on retranslation are included in the profit and loss account for the period.

## **MGN Limited**

(Registration number: 2571173)

### **Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

#### **2 Basis of preparation and significant accounting policies (continued)**

##### **Leases**

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.

##### **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.

##### **Current and deferred tax**

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

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.

## **MGN Limited**

(Registration number: 2571173)

### **Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

#### **2 Basis of preparation and significant accounting policies (continued)**

##### **Intangible assets**

Intangible assets comprise acquired publishing rights and titles. On acquisition, the fair value of other intangible assets is calculated based on forecast discounted cash flows. On disposal, the carrying amount of the related other intangible asset is derecognised and the gain or loss arising from de-recognition, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is recognised in the consolidated income statement.

Publishing rights and titles are initially recognised as an asset at fair value with an indefinite economic life. They are not subject to amortisation. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. Where the asset does not generate cash flows that are independent from other assets, value-in-use estimates are made based on the cash flows of the cash-generating unit to which the asset belongs. The publishing rights and titles are reviewed for impairment either 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 unit relating to the asset 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 a cash-generating unit is estimated to be less than its carrying amount, the carrying value of the cash-generating unit 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.

##### **Investments**

Fixed asset investments are stated at cost less provision for any impairment.

##### **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. The principal financial asset is intercompany receivables which are unsecured and repayable on demand. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

##### **Financial liabilities**

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

##### **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.

##### **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.

##### **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.

## MGN Limited

(Registration number: 2571173)

### Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)

#### 2 Basis of preparation and significant accounting policies (continued)

##### 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:

###### *Intangible assets impairment review (note 9)*

There is uncertainty in the value-in-use calculation. The most significant area of uncertainty relates to expected future cash flows for each cash-generating unit. Determining whether the carrying values of assets in a cash-generating unit are impaired requires an estimation of the value-in-use of the cash-generating unit to which these have been allocated. The value-in-use calculation requires the company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Projections are based on both internal and external market information and reflect past experience. The discount rate reflects the weighted average cost of capital of the company.

###### *Provisions (note 15)*

Provisions are measured at the best estimate of the expenditure required to settle the obligation based on the assessment of the related facts and circumstances at each reporting date. There is uncertainty in relation to the size and length of property related provisions.

##### **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:

###### *Indefinite life assumption in respect of publishing rights and titles (note 9)*

There is judgement required in continuing to adopt an indefinite life assumption in respect of publishing rights and titles. The directors consider publishing rights and titles (with a carrying amount of £300.0m) have indefinite economic lives due to the longevity of the brands and the ability to evolve them in an ever-changing media landscape. The brands are central to the delivery of the Customer Value Strategy which is delivering digital revenue growth. At each reporting date management review the suitability of this assumption.

###### *Identification of cash-generating units (note 9)*

There is judgement required in determining the cash-generating units relating to our Publishing brands. At each reporting date management review the interdependency of revenues across our portfolio of Publishing brands to determine the appropriate cash-generating unit. The company operates its Publishing brands such that a majority of the revenues are interdependent and revenue would be materially lower if brands operated in isolation. As such, management do not consider that an impairment review at an individual brand level is appropriate or practical. As the company continues to centralise revenue generating functions and has moved to a matrix operating structure over the past few years all of the individual brands in Publishing have increased revenue interdependency are assessed for impairment as a single Publishing cash-generating unit.

#### 3 Turnover

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

	52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
Circulation	120,551	117,822
Advertising	25,773	24,462
Other	12,154	12,852
Print	158,478	155,136
Digital	38,073	31,596
<b>Total turnover</b>	<b>196,551</b>	<b>186,732</b>

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**3 Turnover (continued)**

The analysis of the company's turnover for the period by market is as follows:

	52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
UK and Republic of Ireland	196,471	186,625
Continental Europe	80	107
<b>Total turnover</b>	<u>196,551</u>	<u>186,732</u>

**4 Operating profit**

Operating profit is stated after charging:

	52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
Depreciation of right-of-use assets	249	312
Restructuring charges in respect of cost reduction measures	<u>1,563</u>	<u>4,339</u>

The auditors' remuneration of £59,000 (2020: £59,000) for the audit of the statutory financial statements of this company has been borne and not recharged by another group company.

**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 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
Wages and salaries	53,820	47,636
Social security costs	6,019	5,265
Pension costs relating to defined contribution pension schemes	2,750	2,453
Costs reimbursed	<u>-</u>	<u>(869)</u>
	<u>62,589</u>	<u>54,485</u>

Wages and salaries include bonuses payable in the period. In 2020, 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.

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**5 Information regarding directors and employees (continued)**

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

	52 weeks ended 26 December 2021 No.	52 weeks ended 27 December 2020 No.
Production and editorial	665	571
Sales and distribution	272	232
Administration	36	68
	<u>973</u>	<u>871</u>

**Directors' emoluments**

The directors are employed by, and receive their emoluments from Reach plc. The directors holding their office during the year consider their services to the company were incidental to their duties within the Reach plc group and accordingly no remuneration has been apportioned to the company (2020: none). The directors' remuneration is included in the aggregate of directors' remuneration disclosed in the Remuneration Report in the 2021 Reach plc Annual Report.

**Defined contribution pension scheme**

The company contributes to the Reach Pension Plan, a defined contribution scheme. Contributions to the Reach Pension Plan for the period were £2,750,000 (2020: £2,453,000). At 26 December 2021 there were no outstanding or prepaid contributions (2020: £nil).

**6 Tax on profit**

Tax charged/(credited) in the profit and loss account

	52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
<b>Current taxation</b>		
UK corporation tax	8,140	9,755
UK corporation tax adjustment to prior periods	326	27
	<u>8,466</u>	<u>9,782</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	48	34
Arising from changes in tax rates and laws	(31)	(1)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(12)	(9)
Total deferred taxation	<u>5</u>	<u>24</u>
Tax expense in the profit and loss account	<u>8,471</u>	<u>9,806</u>

**MGN Limited**

(Registration number: 2571173)

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)****6 Tax on profit (continued)**

The tax on profit for the period is lower than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
Profit before tax	<u>52,261</u>	<u>51,257</u>
Corporation tax at standard rate of 19% (2020: 19%)	9,930	9,739
UK corporation tax adjustment to prior periods	326	27
Increase from effect of expenses not deductible in determining taxable profit	61	50
Deferred tax credit from unrecognised temporary difference from a prior period	(11)	(9)
Deferred tax credit relating to changes in tax rates or laws	(31)	(1)
Use of brought forward group relief from fellow subsidiary	<u>(1,804)</u>	<u>-</u>
Total tax charge	<u>8,471</u>	<u>9,806</u>

The Budget on 5 March 2021 increased the rate of corporation tax from 19% to 25% with effect from 1 April 2023. At 26 December 2021, this rate change had been substantively enacted by parliament meaning that the opening deferred tax position has been recalculated in the period resulting in a £31,000 credit in the profit and loss account.

The current tax recoverable amounted to £430,000 (2020: £430,000) at the reporting date.

**Deferred tax**

Deferred tax assets

Deferred tax movement during the period:

	At 28 December 2020 £ 000	Recognised in profit and loss £ 000	At 26 December 2021 £ 000
Accelerated tax depreciation	<u>153</u>	<u>(5)</u>	<u>148</u>

Deferred tax movement during the prior period:

	At 30 December 2019 £ 000	Recognised in profit and loss £ 000	At 27 December 2020 £ 000
Accelerated tax depreciation	<u>177</u>	<u>(24)</u>	<u>153</u>

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**7 Dividends**

	<b>52 weeks ended 26 December 2021 £ 000</b>	<b>52 weeks ended 27 December 2020 £ 000</b>
Final dividend of £0.35 (2020: £0.32) per each ordinary share	<u>35,000</u>	<u>32,000</u>

**8 Investments**

A full list of subsidiaries at the reporting date with a carrying value of £nil (2020: £nil) is appended on page 27 and forms part of these financial statements.

**9 Intangible assets**

	<b>Publishing rights and titles £ 000</b>
<b>Cost</b>	
At 30 December 2019	<u>565,000</u>
At 27 December 2020	<u>565,000</u>
At 26 December 2021	<u>565,000</u>
<b>Accumulated amortisation</b>	
At 30 December 2019	<u>(265,000)</u>
At 27 December 2020	<u>(265,000)</u>
At 26 December 2021	<u>(265,000)</u>
<b>Carrying amount</b>	
At 26 December 2021	<u>300,000</u>
At 27 December 2020	<u>300,000</u>

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**9 Intangible assets (continued)**

The directors carried out an impairment review of intangible assets which has resulted in no impairment charge (2020: £nil).

There is judgement required in determining the cash-generating units relating to the brands. At each reporting date management review the interdependency of revenues across our portfolio of brands to determine the appropriate cash-generating unit. The company operates its brands such that a majority of the revenues are interdependent and revenue would be materially lower if brands operated in isolation. As such, management do not consider that an impairment review at an individual brand level is appropriate or practical.

There is judgement required in continuing to adopt an indefinite life assumption in respect of publishing rights and titles. Management consider publishing rights and titles have indefinite economic lives due to the longevity of the brands and the ability to evolve them in an ever changing media landscape. The brands are central to the delivery of the Customer Value Strategy which is delivering digital revenue growth. This, combined with our inbuilt and relentless focus on maximising efficiency, gives management confidence that the delivery of sustainable growth in revenue, profit and cash flow is achievable in the future.

For the impairment review cash flows have been prepared using the approved Budget for 2022 and projections for a further nine years as this is the period over which the transformation to digital can be assessed. The projections for 2023 to 2031 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 10.8% (2020: 10.9%) and 14.2% (2020: 13.4%) respectively.

The headroom in the impairment review is £69,047,000. EBITDA in the 10-year projections is forecast to grow at a CAGR of 1.3%. 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 if these resulted in the EBITDA in the 10-year projections declining at a CAGR of 1.6%. Alternatively an increase in the discount rate by 2.4 percentage points would lead to the removal of the headroom.

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**10 Right of use assets**

	Property £ 000	Vehicles £ 000	Total £ 000
<b>Cost</b>			
On transition to IFRS 16	573	356	929
Additions	-	43	43
Disposals	-	(23)	(23)
	<u>573</u>	<u>376</u>	<u>949</u>
At 27 December 2020	573	376	949
Additions	28	65	93
Derecognition at end of lease term	(187)	(24)	(211)
	<u>414</u>	<u>417</u>	<u>831</u>
At 26 December 2021	414	417	831
<b>Accumulated depreciation</b>			
At 30 December 2019	-	-	-
Charge for period	(175)	(137)	(312)
Eliminated on disposal	-	6	6
	<u>(175)</u>	<u>(131)</u>	<u>(306)</u>
At 27 December 2020	(175)	(131)	(306)
Charge for the period	(121)	(128)	(249)
Derecognition at end of lease term	187	24	211
	<u>(109)</u>	<u>(235)</u>	<u>(344)</u>
At 26 December 2021	(109)	(235)	(344)
<b>Carrying amount</b>			
At 26 December 2021	<u>305</u>	<u>182</u>	<u>487</u>
At 27 December 2020	<u>398</u>	<u>245</u>	<u>643</u>

**Amounts recognised in the profit and loss account**

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

	52 weeks ended 26 December 2021 £ 000	52 weeks ended 27 December 2020 £ 000
Depreciation of right-of-use assets	249	312
Expenses relating to short-term leases	168	77
Interest on lease liabilities (included in Interest payable and similar expenses)	15	26
	<u>432</u>	<u>415</u>
<b>Total charged to the profit and loss account</b>	<u>432</u>	<u>415</u>

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**11 Debtors**

	<b>26 December</b>	<b>27 December</b>
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts owed from fellow subsidiaries	611,764	603,164
Accrued income	1,348	1,708
Prepayments	552	1,033
Other debtors	495	765
Current tax recoverable	430	430
	<u>614,589</u>	<u>607,100</u>

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

A fellow subsidiary undertaking operates a centralised debtors function for the group which results in trade debtors balances of the company being recorded in the balance sheet of the fellow subsidiary undertaking with consideration being recorded through intercompany. Credit risk relating to these trade debtors is borne by the company.

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

	<b>26 December</b>	<b>27 December</b>
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Accrued expenses	10,334	8,924
Current portion of long term lease liabilities (note 14)	202	226
Social security and other taxes	127	127
Other creditors	5,326	5,359
Deferred income	425	1,226
	<u>16,414</u>	<u>15,862</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.

**13 Creditors: amounts falling due after one year**

	<b>26 December</b>	<b>27 December</b>
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Long term lease liabilities (note 14)	<u>289</u>	<u>425</u>

**Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)**

**14 Lease liabilities**

**Leases included in creditors**

Lease liabilities represent rental obligations for office properties and motor vehicles.

	<b>26 December</b>	<b>27 December</b>
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Current portion of long-term lease liabilities	(202)	(226)
Long-term lease liabilities	<u>(289)</u>	<u>(425)</u>

**Lease liabilities maturity analysis**

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

	<b>26 December</b>	<b>27 December</b>
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Within one year	222	251
Greater than one and less than five years	309	364
Greater than five years	-	103
Total lease liabilities (undiscounted)	<u>531</u>	<u>718</u>

**Total cash outflows related to leases**

Total cash outflows related to leases are presented in the table below:

	<b>26 December</b>	<b>27 December</b>
	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Payment</b>		
Right of use assets	<u>268</u>	<u>324</u>

The company does not face significant liquidity risk in relation to its lease liabilities.

**15 Provisions for liabilities**

	<b>Restructuring</b>	<b>Property</b>	<b>Other</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 28 December 2020	741	434	3,393	4,568
Additional provisions	1,563	-	1,797	3,360
Transfer in from fellow subsidiaries	-	-	760	760
Provisions utilised	(2,182)	-	(1,232)	(3,414)
Unused provision reversed	<u>-</u>	<u>(100)</u>	<u>(1,371)</u>	<u>(1,471)</u>
At 26 December 2021	<u>122</u>	<u>334</u>	<u>3,347</u>	<u>3,803</u>
Non-current liabilities	<u>-</u>	<u>-</u>	<u>559</u>	<u>559</u>
Current liabilities	<u>122</u>	<u>334</u>	<u>2,788</u>	<u>3,244</u>

**MGN Limited****(Registration number: 2571173)****Notes to the Financial Statements for the 52 weeks ended 26 December 2021 (continued)****15 Provisions for liabilities (continued)**

The restructuring provision relates to restructuring charges incurred in the delivery of cost reduction measures. The charge includes £1.4m of costs relating to the integration of the Irish Daily Star which was acquired in 2020. This provision is expected to be utilised within the next year.

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

The other provision relates to libel and other matters and is expected to be utilised over the next two years.

**16 Capital and reserves****Allotted, called up and fully paid shares**

	26 December 2021		27 December 2020	
	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 625,005,000 ordinary shares of £1 each (2020: 625,005,000). 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.

**17 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 26 December 2021, this amounted to £nil (2020: £nil).

All ongoing historical legal issues are accounted for in MGL2 Limited.

**18 Ultimate parent company and immediate parent undertaking**

The company's immediate parent is MGL2 Limited.

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

The company is a wholly owned subsidiary of MGL2 Limited and of its ultimate parent, Reach plc.

**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.

**19 Events after the end of the reporting period**

At the time of signing the accounts, we acknowledge the ongoing war in Ukraine. This does not constitute an adjusting event under IAS 10 'Events after the reporting period'. In the second quarter of 2022, the market has experienced reduced advertiser demand and lower average yields, with the war in Ukraine significantly reducing the level of 'brand safe' content for news publishers.

**MGN Limited****(Registration number: 2571173)****Appendix - subsidiary undertakings**

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 26 December 2021.

<b>Subsidiary name and company number</b>	<b>Registered office</b>	<b>Country of incorporation</b>	<b>Share class</b>	<b>Proportion of shares held by company</b>
City Television Network Limited (3376809)	One Canada Square, Canary Wharf, London, E14 5AP	England and Wales	£1.00 ordinary	50%
Mirror Colour Print (London No. 1 Plant) Limited (2178521)*	One Canada Square, Canary Wharf, London, E14 5AP	England and Wales	£1.00 ordinary	50%
Mirror Colour Print Services Limited (935731)	One Canada Square, Canary Wharf, London, E14 5AP	England and Wales	£1.00 ordinary	50%
RH1 Limited (648191)	One Canada Square, Canary Wharf, London, E14 5AP	England and Wales	£1.00 ordinary	100%
Reach Publishing (Ireland) Limited (646649)	38 Upper Mount Street, Dublin 2, Ireland	Ireland	€1.00 ordinary	100%

\*Dissolved on 29 March 2022 by voluntary strike off.