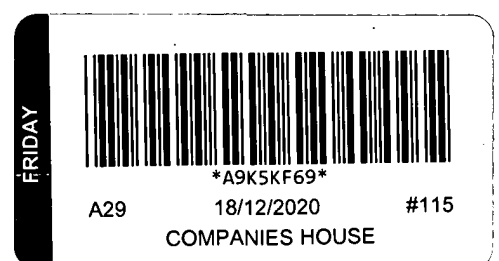


PA Media Group Limited

Annual report and financial statements

For the year ended 31 December 2019



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DIRECTORS AND OFFICERS

DIRECTORS

Executive
C P Marshall
A J Dowsett
J R Goode

Non - Executive
M MacLennan
G R P Allinson
R M Brooks
S A Carter
P M Dacre
D J FitzPatrick
J J Mullen

Secretary
L Irwin

Registered office
The Point
37 North Wharf Road
Paddington
London England
W2 1AF

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Solicitors
Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

Bankers
Lloyds Banking Group plc
25 Gresham Street
London
EC2V 7HN

Chief Executive
Chief Operating Officer
Chief Financial Officer

Chairman
Nominations Committee, Audit Committee
Nominations Committee, Remuneration Committee

Nominations Committee, Remuneration Committee

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

2019 was a significant year for PA Media Group, with several strategic milestones achieved.

In May, the Group moved its London headquarters to Paddington, providing an environment that better reflects the dynamic and modern business the Group now comprises. As part of the ongoing digital transformation and reflecting the increasing diversification of the Group's portfolio of businesses, the Group rebranded as PA Media Group in June, while the core news agency became PA Media.

The Group sold its former London HQ building in August and used the proceeds to insure the remaining uninsured liabilities of the defined benefit pension scheme, known as a 'buy-in'. As a result, all members of the defined benefit pension scheme are now insured by one of the Group's two insured annuity policies. The sale of the Group's former London HQ building generated a profit on disposal of £34.9m.

Headline revenue was £73.1m (2018: £70.2m), a year-on-year improvement of 4.1% which has been delivered through growth in our data business units and strong performance from recently acquired businesses.

Operating profit before goodwill amortisation and other exceptional items was £8.7m (2018: £8.4m), an increase of £0.3m (4%) on 2018. Operating profit was £3.2m (2018: £3.1m). Profit before tax was £38.4m (2018: £3.3m), though £34.9m of this related to the profit on disposal of the Group's former London HQ building. Profit for the financial year was £32.4m (2018: £1.9m).

Net assets decreased during the year by £20.8m to £71.7m, primarily due to the sale of the Group's London property and the pension buy-in exercise completed in the year resulting in an actuarial loss on the defined benefit pension scheme of £60.7m.

The Group's long-term strategy is to continue to diversify and consolidate its position as the UK's leading provider of cross-platform news, sport and entertainment data, content and services.

This strategy was supported by the post year end acquisition of 100% of the share capital in Alamy Limited ("Alamy") in February 2020. Founded 20 years ago, Alamy has one of the world's most diverse creative and editorial stock imagery collections, comprising almost 200 million photographs, vectors and 360-degree panoramic images. In 2018, the Alamy had revenues of £22.7m and currently has close to 100,000 customers in more than 150 countries, working across a range of sectors including publishing, design, advertising and broadcast. The acquisition sees PA Media Group enter the stock imagery market for the first time. Alamy will complement PA Media Group's editorial picture syndication business, PA Images, whose archive charts more than 100 years of British history, along with royal, entertainment, sport and news photography.

The Group also increased its shareholding in Stream UK Media Services Limited ("StreamAMG"), a video streaming company that provides online, high-definition video solutions to rights-holders and content owners. The additional 13% stake acquired in the financial year takes the Group's total holding to 87%.

KEY PERFORMANCE INDICATORS

The Group considers revenue and operating profit before adjusting items to be its key performance indicators ("KPI"). The directors also monitor net assets. The Group targets a 5% increase in trading profit on budget. The Group achieved this KPI in both 2019 and 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties below represent those that the directors believe are material. Other factors not presently known to the directors or which are not presently deemed material could also affect the Group's future business and operations.

A key risk to the Group is reputational damage, particularly relating to news services. Reputational exposure is managed through the workflow and approval processes. The PA Trust monitors the editorial standards of the news agency to ensure that they are maintained at the highest level. The three trustees meet the Editor-in-Chief three times a year and receive detailed reports on editorial matters, including content generation and distribution, staffing, training, technical development, and legal and regulatory issues. The Group is also regulated by the Independent Press Standards Organisation and the Editors' Code it administers. All editorial staff are expected to be familiar with the Code and to observe it. Regular training, including from the regulator itself, is provided.

A significant portion of Group revenues are generated through recurring, subscription-based arrangements and sporting rights licenses. The majority of these arrangements have a term of one to three years, typically with renewal provisions spread throughout the financial year. The level of contract exposure is monitored by the directors and the Group seeks to progress revenue contract renewal negotiations well before the contracts are due to terminate. The directors believe that the Group's ability to continue demonstrating value creation for its customers is the best strategy for extending its existing contracts and diversifying its customer base.

Markets for content, data and other services remain highly competitive and are subject to rapid technological changes, and evolving customer demands and needs. New technologies continue to change the competitive landscape, and these market trends demand that the Group's product and service offerings are responsive to this. To this end, the Group continues to invest in enhancing its current products and services, such as the addition of new content and functionalities; develop new products and services; invest in technology; make strategic acquisitions and partner with other businesses in key sectors.

The Group faces risks relating to technical failure and its impact on service provision. The Group therefore regularly reviews the nature of its technology and deploys strategies to mitigate the risk, such as continuously investing in software development and technical hardware to ensure that the Group remains able to provide a strong technical platform and deliver new and improved products to the market and its customers.

The directors note that Brexit remains an important issue for the UK. However, to date, the impact on the Group has been limited and no material concerns have been identified given the nature of the services and markets in which the Group operates. The directors will continue to monitor the situation closely.

STRATEGIC REPORT

The Covid-19 pandemic is currently creating significant uncertainty across the UK and international economy. This uncertainty relating as to the future impact on the Group in particular has been considered as part of the Group's adoption of the going concern basis and, indeed, we have delayed the signing of our financial statements, to enable us to fully assess and model potential scenarios under Covid-19.

Whilst market activity and business operations and planning have been dominated by the Covid-19 outbreak, our focus continues to be on the health and wellbeing of our employees, ensuring business continuity and the provision of services to our customers, and mitigating the financial impact on the business.

The Group's operations moved seamlessly to complete home working by the middle of March without any material impact on our services to customers. The editorial team has been able to ensure our newswire is operating as normal – with our daily news output increasing significantly and heavy use of PA content across print, online and broadcast. Furthermore, despite the cessation of live sport our teams continue to provide regular updates on the impact of the crisis on sport, plus features and archival content to assist our customers in populating their sports sections during the current extraordinary circumstances. We continue to work closely with our customers to support them where we can in supplementing their own content and help them reduce costs.

We recently completed a forecasting exercise and considered a number of downside scenarios to assess the potential impact of Covid-19 on the Group's results. Key assumptions used in our model include; gradual resumption of horse racing and football from July, business activity beginning to recover across Q3 and Q4 with additional risk around potential contract losses and bad debt. Recent updates from the UK Racing's Executive Committee and the FA indicate the likely resumption of UK horse racing and Premier League before the start of July, supporting the assumptions used. We have also considered the impact of no return of racing, sport and events before the end of 2020.

As part of our business planning and mitigating activities, we have taken a number of cost reduction measures including but not exclusive to; tiered pay reductions, placing a number of our employees on furlough or unpaid leave, the deferral of identified financial commitments and items of non-essential expenditure. We have considered further mitigating actions that are not currently considered necessary. As such we are confident that the business has appropriate measures to ensure the resilience of the Group over the forecast period. Further, the Group retains a strong cash position and the business is debt free.

DIRECTORS' DUTIES

The directors of the Group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 and include a duty to promote the success of the Group.

The Group is committed to being a responsible business. The core values that underpin the Group's strategy and objectives are integrity, collaboration, accountability and respect. This is demonstrated and actively encouraged in dealings with the Group's staff, customers, suppliers and other stakeholders in the wider community.

The directors are committed to openly engaging with the Group's shareholders. It is important to the Group that shareholders understand the Group's strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions properly considered.

Details of the Group's principal risks and uncertainties, and how these are mitigated, are included above. Details of the Group's risk management objectives and policies are noted in the directors' report.

By order of the Board



Mr C P Marshall
Chief Executive
23 June 2020

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements of the Company and the Group for the year ended 31 December 2019.

Discussion of review of business, key performance indicators and principal risks and uncertainties are presented in the strategic report as they are of strategic importance and form part of this report by cross reference.

PRINCIPAL ACTIVITIES

PA Media Group is a market leader in the provision of news, sport and entertainment information to the media and other customers. The Group is organised in three business units supported by a corporate centre: content, data services, and other media-related services. Further details of the activities of the business can be found on the Group's website at <https://pamediaigroup.com>.

RESULTS AND DIVIDENDS

Net assets at 31 December 2019 were £71.7m (2018: £92.5m). Profit before tax was £38.4m (2018: £3.3m), though £34.9m of this related to the profit on disposal of the Group's former London HQ building. Profit for the financial year was £32.4m (2018: £1.9m). Dividends of £0.4m were approved in relation to Stream AMG and paid to its non-controlling shareholders in the year (2018: £0.5m).

FUTURE DEVELOPMENTS

The Group enters 2020 well placed to further diversify the business while maintaining a focus on providing customers with high quality and relevant content. A key objective for 2020 will be to integrate Alamy following its acquisition in February 2020. The Group will continue its strategy of seeking opportunities to invest in and acquire businesses that are well aligned with the Group's strategic goals and help drive further growth and diversification of the revenue base.

DIRECTORS

The directors, who served throughout the year and subsequently except as noted, were as follows:

- G R P Allinson
- R M Brooks
- S A Carter (appointed 11 June 2020)
- P M Dacre (appointed 28 March 2019)
- A J Dowsett
- D J Fitzpatrick
- S R Fox (resigned 16 August 2019)
- J R Goode (appointed 29 March 2019)
- M MacLennan
- C P Marshall
- J J Mullen (appointed 4 December 2019)
- A G Watson (resigned 1 May 2020)

GOING CONCERN

After reviewing the Group's forecasts and projections, including consideration of the impact of Brexit and Covid-19 on the Group as discussed in the strategic report, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

EMPLOYEES

Under the Group's general policy of decentralised management, it is the responsibility of the management in

each division and subsidiary to encourage the involvement and participation of employees in their companies. Staff are directly involved, through their elected representatives and alongside senior management, in works councils at each of the Group's main sites. Staff are also involved, through their elected representatives, in the conduct of the Group's defined benefit pension scheme.

Much of the Group's success can be attributed to its policy of progressive training and development of its employees. The growing expertise and confidence of its employees has enabled the Group to deliver sophisticated products to its customer base in a very professional manner. The directors are thankful to all employees for the way in which they continually meet the demands made of them.

It continues to be Group policy to provide equal opportunities for employment, training and career development for all employees. The policy for the employment of the disabled is that full and fair consideration should be given to their aptitudes and abilities. Adjustments are made for staff who become disabled whilst employed by the Group in order for them to continue in their current role. Where this is not possible the Group will try to find an alternative solution and staff are also assisted in applying for other suitable alternative roles within the Group.

Copies of the annual report are made available to all employees.

THIRD PARTY INDEMNITY PROVISIONS FOR DIRECTORS

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are actively managed by the directors on a Group basis.

Credit risk

The Group's principal financial assets are cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to its trade receivables to the extent that a customer may be unable to pay the debt on the specified due date. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cashflows. This risk is further mitigated by the strong on-going customer relationships and for many customers there is a dependency on an ongoing service.

Liquidity risk

The Group mitigates liquidity risk by ensuring that sufficient funds are available for ongoing operations and future developments. The Group holds cash on deposit and has ensured that the funds are held in a spread of money market funds and institutions.

Market risk

The markets in which the Group operates are susceptible to macroeconomic and geopolitical volatility and may decline as a result of economic downturns, changes in legislation and

REPORT OF THE DIRECTORS

regulations, or political instability. In addition, the competitive landscape continues to evolve. The Group mitigates market risk through investing in product and platform innovation to ensure customers receive high quality content, data and other services. Further the Group both fosters strong relationships with its customers and comprehensive sector knowledge. This enables the Group to anticipate changes in market conditions at an early stage.

Defined benefit pension scheme obligations

The Group operates a defined benefit pension scheme which is closed to new entrants. The Group has agreed a long-term plan with the trustees to provide certainty for the group in terms of annual funding requirement and following the pension scheme buy-in during 2019, there is a plan to move to a full buyout over time to remove all liabilities from the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

The directors confirm that:

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

DISCLOSURE OF INFORMATION TO AUDITOR

As far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has 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 auditor is aware of that information.

INDEPENDENT AUDITORS

Grant Thornton UK LLP have expressed their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the Board



Ms L Irwin
Company Secretary
23 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PA MEDIA GROUP LIMITED

Opinion

We have audited the financial statements of PA Media Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise group statement of comprehensive income, group statement of financial position, company statement of financial position, group statement of cash flows, group statement of changes in equity, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 group's or the parent 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PA MEDIA GROUP LIMITED

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

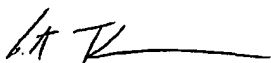
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's

report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

 UK LLP

Sergio Cardoso

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23 June 2020

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2019 £000	2018 £000
Turnover	1	73,062	70,212
Other operating income		329	470
		73,391	70,682
Staff costs	2	(40,009)	(37,790)
Depreciation and other amounts written off tangible and intangible fixed assets		(6,500)	(6,289)
Other operating expenses		(23,725)	(23,530)
Total operating profit before goodwill amortisation and other exceptional items		8,699	8,356
Amortisation of goodwill and trademarks	8	(4,278)	(3,834)
Other exceptional items	4	(1,264)	(1,449)
Operating profit		3,157	3,073
Profit on disposal of freehold property	9	34,934	-
Other interest receivable and similar income	5	327	256
Interest payable and similar expenses	5	(15)	(17)
Profit on ordinary activities before tax	6	38,403	3,312
Tax on profit on ordinary activities	7	(5,956)	(1,433)
Profit on ordinary activities after tax		32,447	1,879
Other comprehensive income			
Acquisition of non-controlling interest		-	(997)
Currency translation differences		23	(47)
Actuarial (loss)/gain on defined benefit pension scheme assets	20	(60,730)	900
Movement on deferred tax relating to defined benefit pension scheme assets	14	10,667	(171)
Total comprehensive (expense)/income for the year		(17,593)	1,564
Profit for the year attributable to:			
Owners of the parent company		32,071	1,399
Non-controlling interests		376	480
Profit for the year		32,447	1,879
Total comprehensive income for the year attributable to:			
Owners of the parent company		(17,969)	1,084
Non-controlling interests		376	480
Total comprehensive (expense)/income for the year		(17,593)	1,564

The notes and accounting policies on pages 13 to 29 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December

Company registration number: 00004197

	Notes	2019 £000	2018 £000
Fixed assets			
Intangible assets	8	11,521	15,786
Tangible assets	9	9,078	15,177
Investments	10	4,712	13,981
		25,311	44,944
Current assets			
Debtors	11	25,866	21,555
Stock	13	205	354
Cash at bank and in hand		43,473	37,830
		69,544	59,739
Creditors: amounts falling due within one year	12	(21,439)	(23,399)
Net current assets		48,105	36,340
Total assets less current liabilities		73,416	81,284
Provisions for liabilities	15	(2,499)	(1,478)
Net assets excluding pension asset		70,917	79,806
Defined benefit pension scheme asset	20	770	12,700
Net assets including pension asset		71,687	92,506
Capital and reserves			
Called up share capital	16	7,965	7,965
Profit and loss account	16	63,174	83,736
Equity attributable to owners of the parent company		71,139	91,701
Non-controlling interests	18	548	805
		71,687	92,506

These financial statements on pages 8 to 29 were approved by the Board on 23 June 2020 and signed on their behalf by:



Mr C P Marshall
Chief Executive

The notes and accounting policies on pages 13 to 29 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December

Company registration number: 00004197

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	9	3,011	10,318
Investments	10	40,680	49,950
		43,691	60,268
Current assets			
Debtors	11	2,421	4,566
Cash at bank and in hand		24,688	26,572
		27,109	31,138
Creditors: amounts falling due within one year	12	(1,899)	(51,198)
Net current assets/(liabilities)		25,210	(20,060)
Total assets less current liabilities		68,901	40,208
Provisions for liabilities	15	(2,046)	(1,153)
Net assets		66,855	39,055
Capital and reserves			
Called up share capital	16	7,965	7,965
Profit and loss account	16	58,890	31,090
		66,855	39,055

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income and related notes in these financial statements. The parent company's profit for the year was £27.8m (2018: loss of £0.2m).

These financial statements on pages 8 to 29 were approved by the Board on 23 June 2020 and signed on their behalf by



Mr C P Marshall
Chief Executive

The notes and accounting policies on pages 13 to 29 form an integral part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December

	Notes	2019 £000	2018 £000
Cash inflow from operating activities			
Operating profit		3,157	3,073
Adjustments for:			
Amortisation of goodwill and trademarks	8	4,278	3,834
Depreciation charge	9	2,233	2,447
Loss on disposal of fixed assets	6	20	8
Foreign exchange differences		126	(70)
Increase/(decrease) in provisions		1,020	(627)
Difference between pension charge and cash contributions		(39,455)	(1,900)
(Increase)/decrease in debtors		(1,608)	319
Decrease/(increase) in stock		149	(47)
Increase in creditors		1,114	1,162
Cash generated from operations		(28,966)	8,199
Income taxes paid		(1,251)	(423)
Net cash flow generated from operating activities		(30,217)	7,776
Cash flows from investing activities			
Payments to acquire tangible fixed assets	9	(3,726)	(2,972)
Receipts from sale of building	9	42,795	-
Receipts from sale of other tangible fixed assets		-	17
Payments to acquire other intangible assets		(13)	-
Payments to acquire other fixed asset investments		-	(9)
Purchase of subsidiaries		-	(8,160)
Purchase of non-controlling interests	18	(2,797)	(1,231)
Cash acquired with subsidiaries	18	-	1,795
Interest received		252	184
Net cash flow used in investing activities		36,511	(10,376)
Cash flows from financing activities			
Interest paid		(15)	(17)
Repayment of obligations under finance leases		(105)	(89)
Dividends paid to non-controlling interests		(428)	(539)
Net cash flow used in financing activities		(548)	(645)
Net decrease in cash and cash equivalents		5,746	(3,245)
Cash and cash equivalents at the beginning of the year		37,830	41,052
Effect of foreign exchange rate changes		(103)	23
Cash and cash equivalents at the end of the year		43,473	37,830

The notes and accounting policies on pages 13 to 29 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Called up Share Capital £000	Profit and Loss Account £000	Non-controlling Interests £000	Total £000
At 1 January 2018	7,965	82,652	1,006	91,623
Profit for the year	-	1,399	480	1,879
Other comprehensive income:				
Currency translation differences	-	(47)	-	(47)
Actuarial gain recognised on defined benefit pension scheme liabilities	-	900	-	900
Movement in deferred tax on defined benefit pension scheme liabilities	-	(171)	-	(171)
Transactions with owners:				
Non-controlling interest on acquisition of subsidiaries	-	-	92	92
Revaluation of non-controlling interest	-	(997)	(234)	(1,231)
Dividends paid to non-controlling interests	-	-	(539)	(539)
At 31 December 2018	7,965	83,736	805	92,506
Profit for the year	-	32,071	376	32,447
Other comprehensive income:				
Currency translation differences	-	23	-	23
Actuarial gain recognised on defined benefit pension scheme assets	-	(60,730)	-	(60,730)
Movement in deferred tax on defined benefit pension scheme assets	-	10,667	-	10,667
Transactions with owners:				
Revaluation of non-controlling interest	-	(2,593)	(205)	(2,798)
Dividends paid to non-controlling interests	-	-	(428)	(428)
At 31 December 2019	7,965	63,174	548	71,687

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

	Called up Share Capital £000	Profit and Loss Account £000	Total £000
At 1 January 2018	7,965	31,320	39,285
Loss for the year	-	(230)	(230)
At 31 December 2018	7,965	31,090	39,055
Profit for the year	-	27,800	27,800
At 31 December 2019	7,965	58,890	66,855

The notes and accounting policies on pages 13 to 29 form an integral part of these financial statements.

ACCOUNTING POLICIES

for the year ended 31 December

GENERAL INFORMATION

PA Media Group Limited ("the Company") is a private company limited by shares and is registered and incorporated in England.

The address of the Company's registered office and principal place of business is The Point 37 North Wharf Road, Paddington, London, England, W2 1AF.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£), which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of PA Media Group Limited and all its material subsidiary undertakings. They are drawn up to 31 December each year. The Scottish Press Association Limited, a dormant company registered in Scotland, and PAPF Trustee Limited, a dormant company registered in England, are not consolidated as they are not considered material to the financial statements.

The individual accounts of the Company also adopted the following disclosure exemptions:

- a) the requirement to present a statement of cash flows and related notes
- b) financial instrument disclosures, including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments
 - exposure to and management of financial risks
- c) remuneration of key management personnel.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make certain assumptions, estimates and judgements that may affect the reported amounts of assets, liabilities, income and expenses. These are based on historical experience and any other factors, including expectations of future events, that are considered appropriate and these are continually reviewed. Subsequent actual results may however differ from these estimates and judgements. Areas where assumptions, estimates and judgements may give rise to risk of material adjustments to the carrying values of assets and liabilities or reported results in the next financial year are as follows:

Impairment of goodwill and fixed asset investments

The Group regularly reviews goodwill and fixed asset investments for new indicators of impairment, where none are found no impairment testing is undertaken. Where such indicators are found the Group undertakes an estimation of the value in use of the respective cash-generating units using cash flow projections based on financial forecasts for a period of three years and thereafter extrapolated using estimated growth rates. The outcome of these tests is highly dependent on management's latest estimates and assumptions regarding cash flow projections, economic risk and discount rate applied. If future events or results differ adversely from the estimates or assumptions used, the Group could record increased amortisation or impairment charges in the future. The carrying amount of goodwill at the 31 December 2019 was £11.5m (2018: £15.8m). No impairment loss was recognised in respect of goodwill or investments (2018: £Nil).

Defined benefit pension scheme assets

The Group operates a defined benefit pension scheme which is based on actuarial valuations that use a number of assumptions. These include the discount rate, which is based on the interest rate of high quality corporate bonds denominated in the currency of the benefits and that have terms to maturity approximating to the terms of the related obligation, inflation rates, expected salary increases and mortality. At 31 December 2019, the Group's gross defined benefit pension scheme asset was £0.8m (2018: £12.7m). Appropriate sensitivities have been performed and disclosed in Note 20.

GOING CONCERN

After reviewing the Group's forecasts and projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The directors note that Brexit remains an important issue for the UK. However, to date, the impact on the Group has been limited and no material concerns have been identified given the nature of the services and markets in which the Group operates. The directors will continue to monitor the situation closely.

The Covid-19 pandemic is currently creating significant uncertainty across the UK and international economy. This uncertainty relating as to the future impact on the Group in particular has been considered as part of the Group's adoption of the going concern basis and, indeed, we have delayed the signing of our financial statements, to enable us to fully assess and model potential scenarios under Covid-19.

Whilst market activity and business operations and planning have been dominated by the Covid-19 outbreak, our focus continues to be on the health and wellbeing of our employees, ensuring business continuity and the provision of services to our customers, and mitigating the financial impact on the business.

The Group's operations moved seamlessly to complete home working by the middle of March without any material impact on our services to customers. The editorial team has been able to ensure our newswire is operating as normal – with our daily news output increasing significantly and heavy use of PA content across print, online and broadcast.

ACCOUNTING POLICIES

for the year ended 31 December

Furthermore, despite the cessation of live sport our teams continue to provide regular updates on the impact of the crisis on sport, plus features and archival content to assist our customers in populating their sports sections during the current extraordinary circumstances. We continue to work closely with our customers to support them where we can in supplementing their own content and help them reduce costs.

We recently completed a forecasting exercise and considered a number of downside scenarios to assess the potential impact of Covid-19 on the Group's results. Key assumptions used in our model include; gradual resumption of horse racing and football from July, business activity beginning to recover across Q3 and Q4 with additional risk around potential contract losses and bad debt. Recent updates from the UK Racing's Executive Committee and the FA indicate the likely resumption of UK horse racing and Premier League before the start of July, supporting the assumptions used. We have also considered the impact of no return of racing, sport and events before the end of 2020.

As part of our business planning and mitigating activities, we have taken a number of cost reduction measures including but not exclusive to; tiered pay reductions, placing a number of our employees on furlough or unpaid leave, the deferral of identified financial commitments and items of non-essential expenditure. We have considered further mitigating actions that are not currently considered necessary. As such we are confident that the business has appropriate measures to ensure the resilience of the Group over the forecast period. Further, the Group retains a strong cash position and the business is debt free.

GOODWILL

Goodwill arising on consolidation represents the excess of the fair value of consideration paid over the fair value of the identifiable net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and impairment loss. Goodwill is considered to have a finite useful life and is amortised through the profit and loss account over its useful economic life.

The directors have assessed the estimated useful economic life of goodwill to be between 3 and 20 years, based upon their assessment of durability of the underlying business. The directors review the level of goodwill for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstance indicate that the carrying value may not be recovered.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation and any impairment losses.

The cost of tangible fixed assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation of tangible fixed assets is provided, from the date assets are acquired, on a straight-line basis calculated to write off the cost of each asset over the term of its useful life, at the following rates. This is revisited on an annual basis to ensure that the useful economic life remains reasonable.

- | | |
|--|--------------|
| • Freehold property | 2% |
| • Long leasehold property | lease period |
| • Computers and other office equipment | 5% - 50% |

Freehold land is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit and loss.

FIXED ASSET INVESTMENTS

Investments comprise investments in unquoted equity instruments or cash in escrow which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

a) *Subsidiaries*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

b) *Restricted funds*

Fixed asset investments include cash held by the Group and Company in Escrow to meet potential future pension liabilities. The funds are not accessible by the Group without Trustee approval.

The Company operates one defined benefit pension scheme in the UK, namely the Press Association Pension Fund (1992). As at each triennial valuation, by Lane Clark & Peacock Actuaries, on-going funding contributions are agreed.

All of the Fund's members are now secured under two buy-in policies – one historic with Legal and General and one policy purchased in 2019 with Aviva.

c) *Associates*

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and, if material, subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the associate, less any impairment.

Investments in associates are accounted for at cost less impairment in the individual financial statements.

The Group's share of the Baize Group Limited profit in 2019 was £20k. This has not been recognised in the Group financial statements as it is not considered material to the financial statements.

d) *Joint ventures*

Investments in joint ventures are accounted for at cost less impairment in the individual financial statements.

The Group's share of the RADAR AI Limited loss in 2019 was £96k. This has not been recognised in the Group financial statements as it is not considered material to the financial statements

ACCOUNTING POLICIES

for the year ended 31 December

IMPAIRMENT OF ASSETS

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset or, for goodwill, the recoverable amount of the cash generating unit to which the goodwill belongs is estimated and compared with its carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Any impairment loss recognised for goodwill is not reversed.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Group statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

PROVISIONS

Provisions are recognised when the Group 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 the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

TAX

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable, net of estimated discounts, value-added or other sales taxes, and after eliminating intercompany sales within the Group. When the outcome cannot be reliably estimated, turnover is recognised only to the extent that it is probable that future economic benefits will flow to the Group. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Content

Content income relates primarily to subscriptions to the Group's News Wire, Sports Wire, Features and Puzzles services. Content also includes income from Video and Page Production. The majority of Video income is on a subscription basis, with a small number of revenue share arrangements. Page Production services are provided over a specified contract period, based on the provision of shifts per week.

Turnover is recognised over each subscription period or over the course of the total contract period. Any content monies received in advance of the subscription or contract commencing are recognised in current liabilities as deferred income. Turnover from revenue share arrangements is accrued based on estimated usage over the contract period.

Data Services

Data services income relates primarily to subscription turnover from the Group's Racing Services, Sports Data, Arts and Entertainment and TV products, including EBS.

ACCOUNTING POLICIES

for the year ended 31 December

Turnover is recognised in line with the service delivery to the customer, which is usually evenly over the contract period with reference to contract terms.

Turnover from the recharge of sports distribution rights is recognised to the extent that the Group obtains the right to consideration in exchange for its performance.

Services

Services relates to turnover from the Group's Business, Sticky Content, Globelynx, TNR Communications, PA Training, Images and StreamAMG platforms.

Business, Images and PA Training

Turnover generated from the provision of Business, Images and PA Training is recognised in line with the service delivery to the customer, which is usually evenly over the contract period with reference to contract terms.

Sticky Content and PA Media Assignments

Turnover generated from the provision of bespoke training, consultancy and marketing content is recognised in line with costs that have been incurred, generally based on hours incurred relative to the total hours expected to be incurred.

Globelynx

Arrangements include the sale and installation of camera equipment and the associated ongoing broadcasting service provided on an annual subscription basis.

Where an arrangement includes the sale of camera equipment, turnover is recognised when the goods have been received by the customer, reflecting the transfer of the associated risks and rewards.

Turnover relating to the provision of ongoing broadcasting and support services is recognised over the contract period. Any monies received in advance of the subscription or contract commencing are recognised in current liabilities as deferred income.

StreamAMG

Arrangements include fees relating to the production, webcasting, support and hosting of video content.

Where an arrangement includes the recharge of set up costs, turnover associated with this is recognised over the term of the contract.

Turnover relating to the provision of services including webcasting, production, platforms and support is recognised in line with the service delivery to the customer, which is usually evenly over the contract period with reference to contract terms.

The Group also holds a number of revenue share arrangements. Turnover from sales of third party vendor products or services is recorded net of costs when the Group is acting as an agent between the customer and the vendor, and is recorded gross when the Group is a principal to the transaction. Turnover is recognised over the subscription period, usually monthly or annually.

Multiple component arrangements

When a single sales transaction requires the delivery of more than one product or service (multiple components), the revenue recognition criteria are applied to separately identifiable components. A component is considered separately identifiable if the product or service delivered has a stand-alone value to that customer and the fair value associated with the product or service can be measured reliably. The amount recognised as turnover for each component is the fair value of the element in relation to the

fair value of the arrangement as a whole. If the goods or services provided do not qualify for separate accounting, they are recognised together with the related ongoing service fees, in line with the service delivery to the customer.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the exchange rates ruling at the end of the financial period. All other currency differences are dealt with in the profit and loss account.

DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

OTHER INCOME

Other income relates to rental receipts from short-term rental arrangements. Income is recognised net of any incentives given to the lessees and is recognised on a straight-line basis over the term of the arrangement.

EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised within fixed assets and depreciated over the period during which the Group is expected to benefit. This period is usually between three and five years.

STOCK

Stock is stated at the lower of cost and net realisable value with allowance for obsolete or slow-moving items. Cost comprises direct materials. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PENSIONS

The Group operates a defined benefit pension scheme which is closed to future accrual, under which contributions are paid by Group companies and employees to provide pension and other benefits expressed in terms of percentage of pensionable salary. The amounts charged to operating profit, as part of staff costs, are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately within other comprehensive income. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

ACCOUNTING POLICIES

for the year ended 31 December

The resulting defined benefit pension scheme asset or liability, is presented separately after other net assets on the face of the Group statement of financial position.

The Group operates two defined contribution schemes, one for staff who previously participated in the defined benefit pension scheme and the second for staff who did not previously participate in the defined benefit pension scheme. For these defined contribution schemes, the amounts charged to the profit and loss account are the contributions payable in the period.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, Group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade, Group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

1 TURNOVER	2019 £000	2018 £000
GEOGRAPHICAL ANALYSIS		
UK and Ireland	62,232	60,269
Rest of Europe	4,654	4,016
Rest of World	6,176	5,927
Total	73,062	70,212

Turnover relates to rendering of services to the Group's media and other customers.

2 STAFF COSTS AND EMPLOYEE INFORMATION	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Wages and salaries	35,355	33,569	2,429	2,291
Social security costs	3,518	3,271	342	224
Pension costs (note 20)	1,135	950	88	88
	40,009	37,790	2,859	2,603

	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
Average monthly number of directors and staff employed during the year were:				
Operations	660	649	-	-
Sales	65	58	-	-
Administration	154	147	-	-
Central management	5	5	5	5
	884	859	5	5

3 DIRECTORS' EMOLUMENTS	2019 £000	2018 £000
Group emoluments of the Company's directors:		
Aggregate emoluments all relating to continuing activities	1,534	1,419
Aggregate amounts receivable under long-term incentive schemes	781	650
Defined contribution pension payments	14	10
Sums paid to third parties for directors' services	126	133
	2,455	2,212

Amounts in respect of the highest paid director:

Aggregate emoluments all relating to continuing activities	645	594
Amounts receivable under long-term incentive schemes	378	371
	1,023	965

Retirement benefits were accruing to no directors (2018: one) under a defined benefit pension scheme and two directors (2018: one) under defined contribution schemes. Four directors were members of long-term incentive plans (2018: four). See note 15 for details of amounts paid and accruing to directors.

There are no Key Management Personnel other than the Group directors.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

4 EXCEPTIONAL ITEMS	2019 £000	2018 £000
Pension fund fees in relation to transfer exercise and buy-in	490	367
Property related costs	100	712
Restructuring costs	179	164
Other legal costs	495	206
Total exceptional items	1,264	1,449

Property related costs are in relation to the disposal of freehold property in the year. Other legal costs primarily comprise one-off charges relating to non-recurring litigation settlements and claims.

5 INTEREST AND SIMILAR ITEMS	2019 £000	2018 £000
Interest receivable on bank deposits	327	256
Total finance income	327	256
Finance lease interest	(15)	(17)
Total finance costs	(15)	(17)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2019 £000	2018 £000
Operating profit is stated after charging/(crediting):		
Operating lease rentals – land and buildings	1,886	311
– plant and machinery	156	175
Exchange losses/(gains)	103	(23)
Amortisation of goodwill (note 8)	4,276	3,833
Amortisation of trademarks (note 8)	2	1
Depreciation of tangible fixed assets (note 9)	2,233	2,447
Gain on disposal of property	(34,934)	-
Loss/(gain) on disposal of other fixed assets	22	(8)
Expenditure on research and development activities	1,857	1,702
Property income	(329)	(470)

PAYMENTS TO AUDITORS	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	14	14
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries	75	78

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

7 TAX ON PROFIT ON ORDINARY ACTIVITIES	2019 £000	2018 £000
Current tax:		
UK corporation tax at 19.00% (2018: 19.00%)	2,270	4,723
Overseas tax	442	93
Adjustments in respect of prior periods	(4,255)	(23)
Total current tax	(1,543)	4,793
Deferred tax:		
Origination & reversal of timing differences	3,195	(3,430)
Effect of tax rate change on opening balance	-	(16)
Adjustments in respect of prior periods	4,304	86
Total deferred tax	7,499	(3,360)
Tax charge on profit on ordinary activities	5,956	1,433

The tax for the year is lower (2018: higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2019 £000	2018 £000
Profit on ordinary activities before tax	38,403	3,312
At standard rate of corporation tax of 19.00% (2018: 19.00%)	7,297	629
Effects of:		
Expenses not tax deductible	747	950
Income not taxable for tax purposes	(59)	(42)
Difference in foreign tax rates	208	(60)
Adjustments in respect of prior periods	49	(23)
Depreciation on ineligible fixed assets	(2,290)	-
Effects of rates on changes on deferred tax	-	(62)
Deferred tax not recognised	4	41
	5,956	1,433

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of corporation tax was 19.00% through 2019. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 19.00% (2018: 19.00%). The deferred tax assets and liabilities reflect these rates.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

8 INTANGIBLE FIXED ASSETS

	Goodwill £000	Trademarks £000	Total £000
GROUP			
Cost:			
At 1 January 2019	42,431	11	42,442
Additions	-	13	13
At 31 December 2019	42,431	24	42,455
Accumulated amortisation:			
At 1 January 2019	26,649	7	26,656
Charge for the year	4,276	2	4,278
At 31 December 2019	30,925	9	30,934
Net book amount:			
At 31 December 2019	11,506	15	11,521
At 31 December 2018	15,782	4	15,786

The amortisation of goodwill is presented separately in the statement of comprehensive income and amortisation of goodwill and trademarks is included within other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

9 TANGIBLE FIXED ASSETS

	Freehold property £000	Computers and other office equipment £000	Total £000
GROUP			
Cost:			
At 1 January 2019	15,802	29,988	45,790
Additions at cost	-	3,995	3,995
Eliminated on disposal	(10,272)	(3,600)	(13,872)
At 31 December 2019	5,530	30,383	35,913
Accumulated depreciation:			
At 1 January 2019	5,511	25,102	30,613
Charge for the year	192	2,041	2,233
Eliminated on disposal	(3,059)	(2,952)	(6,011)
At 31 December 2019	2,644	24,191	26,835
Net book amount:			
At 31 December 2019	2,886	6,192	9,078
At 31 December 2018	10,291	4,886	15,177

Computers and other office equipment with a carrying value of £237,000 (2018: £39,000) are held under finance leases.

	Freehold property £000	Computers and other office equipment £000	Total £000
COMPANY			
Cost:			
At 1 January 2019	15,802	127	15,929
Additions at cost	-	131	131
Eliminated on disposal	(10,272)	(48)	(10,320)
At 31 December 2019	5,530	210	5,740
Accumulated depreciation:			
At 1 January 2019	5,511	100	5,611
Charge for the year	192	30	222
Eliminated on disposal	(3,059)	(45)	(3,104)
At 31 December 2019	2,644	85	2,729
Net book amount:			
At 31 December 2019	2,886	125	3,011
At 31 December 2018	10,291	27	10,318

In 2014 the Parent Company granted a first legal charge in favour of the Press Association Pension Fund (1992) over its freehold interest in property at 292 Vauxhall Bridge Road, London which has been satisfied in the year. The Group disposed of its freehold interest in this property on 12 August 2019. The profit on disposal was £34.9m, allowing for sale costs of £0.1m and disposal of associated other office equipment of £0.6m, and has been presented separately on the statement of comprehensive income as profit on disposal of freehold property.

The Parent Company has granted a first legal charge in favour Press Association Pension Fund (1992) over its freehold interest in property at Bridgegate, Howden.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

10 FIXED ASSET INVESTMENTS

	Group £000	Company £000
Cost:		
At 1 January 2019	14,531	89,071
Additions	37,731	37,730
Disposals	(47,000)	(47,000)
At 31 December 2019	5,262	79,801
Provision against cost of investment:		
At 1 January and at 31 December 2019	550	39,121
Net book amount:		
At 31 December 2019	4,712	40,680
At 31 December 2018	13,981	49,950
	Group £000	Company £000
Total fixed asset investments comprise:		
Interest in subsidiaries	-	36,622
Interest in associates	329	-
Other fixed asset investments	4,383	4,058
At 31 December 2019	4,712	40,680

Other fixed asset investments include £4.1m (2018: £13.3m) cash held in Escrow to meet potential future defined benefit pension liabilities. Additions of £37.7m and disposals of £47.0m relate to the transfers of cash balances into and out of the Escrow funds as part of the pension buy-in exercise completed in the year.

The directors believe that the carrying values of investments are supported by their underlying net assets or discounted future cash flows.

The subsidiary undertakings of the Group are as follows:

COMPANY	ACTIVITY	PROPORTION OF ORDINARY SHARES HELD:		ADDRESS
		DIRECT	INDIRECT	
The Press Association Limited	News, sport and entertainment information	100%	-	(a)
Sticky Content Limited	Digital copywriting and content strategy agency	100%	-	(a)
PA News Investments Limited	Non-trading investment holding company	100%	-	(a)
PA Photos Limited	Photo syndication	-	100%	(a)
DEF Limited	Non-trading holding company	-	100%	(a)
The Scottish Press Association Limited	Dormant	-	100%	(b)
PAPF Trustee Limited	Dormant	-	100%	(a)
Globelynx Limited	TV camera network	-	100%	(a)
The Press Association of Ireland Limited	News and sport information	-	100%	(c)
Stream UK Media Services Limited	Online video solutions	-	87%	(a)
Stream Malta Limited	Online video solutions	-	87%	(d)
Stream Benelux B.V.	Online video solutions	-	87%	(e)
Stream España Sucursal en España	Online video solutions	-	87%	(f)
The Press Association of Australia Pty Limited	Overnight news and sport information	-	100%	(g)
EBS New Media Limited	Television data services	-	95%	(a)
Gipsymedia Limited	Non-trading	-	95%	(a)

The following subsidiaries are exempt from audit by virtue of s. 479A of the Companies Act 2006:

- The Scottish Press Association
- PAPF Trustee Limited
- Gipsymedia Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

10 FIXED ASSET INVESTMENTS (CONTINUED)

The associate and joint venture undertakings of the Group are as follows:

COMPANY	ACTIVITY	GROUP INTEREST IN ORDINARY SHARES AND VOTING RIGHTS	REGISTERED OFFICE
Baize Group Limited	Motoring editorial, events and PR services	25%	(h)
Blackball Media Limited	Motoring editorial, events and PR services	25%	(h)
On-Cue Communications Limited	Motoring editorial, events and PR services	25%	(i)
RADAR AI Limited	Automated news services	50%	(j)

(a) Address: The Point 37 North Wharf Road, Paddington, London, England, W2 1AF.

(b) Address: One Central Quay, Glasgow, G3 7EE.

(c) Address: 39/40 Upper Mount Street, Dublin 2, Co. Dublin, D02 PR89, Republic of Ireland.

(d) Address: 1st Floor, Schemson House, Valley Road, Birkirkara, BKR 9021, Malta.

(e) Address: Quirinegang 183, 2719 CH Zoetermeer, The Netherlands.

(f) Address: Paseo de la Castellana 135, 7th Planta, 28046, Madrid, Spain.

(g) Address: The Press Association, Level 6, 3 Rider Boulevard, Rhodes, NSW 2138, Australia.

(h) Address: 23 Haslar Marine Technology Park, Haslar Road, Gosport, Hampshire, PO12 2AG.

(i) Address: Wood, Hicks & Co. Units 1-2 Warrior Court, 9-11 Mumby Road, Gosport, Hampshire, PO12 1BS.

(j) Address: 3rd Floor 37 North Wharf Road, London, England, W2 1AF.

11 DEBTORS

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	13,072	12,161	-	-
Amount owed by subsidiary undertakings	-	-	1,261	-
Other debtors	1,405	1,167	69	87
Prepayments and accrued income	4,004	3,545	866	95
Corporation tax recoverable	-	464	-	-
Deferred tax asset (note 14)	7,385	4,218	225	4,384
	25,866	21,555	2,421	4,566

During the year, an impairment loss of £0.1m (2018: £0.4m) was recognised in respect of trade debtors who are known to be in financial difficulty and from whom payment was overdue. Amounts owed to subsidiary undertakings are unsecured, interest free and have no fixed repayment date. These amounts were incurred through normal trading and are held at their indirect cost price.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade creditors	2,036	3,176	-	-
Amount owed to subsidiary undertakings	-	-	-	49,790
Other taxation and social security	2,653	2,511	60	60
Corporation tax	1,882	5,141	122	200
Other creditors	203	168	2	2
Accruals and deferred income	14,346	12,367	1,715	1,146
Finance lease (note 17)	319	36	-	-
	21,439	23,399	1,899	51,198

Amounts owed to subsidiary undertakings are unsecured, interest free and have no fixed repayment date. These amounts were incurred through normal trading and are held at their indirect cost price.

13 STOCK

	Group 2019 £000	Group 2018 £000
Finished goods	205	354

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

14 DEFERRED TAX ASSET

	Group £000	Company £000
At 1 January 2019	4,218	4,384
Transfer from profit and loss account	(7,499)	(4,159)
Pension scheme liability movements	10,667	-
At 31 December 2019	7,385	225

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
The deferred tax asset comprises:				
Fixed asset timing differences	793	955	(122)	(115)
Capital losses	-	(1,238)	-	-
Other timing differences	6,592	4,501	347	4,499
	7,385	4,218	225	4,384

Based on current capital expenditure plans, the Group does not expect timing differences in relation to fixed assets to reverse to any significant extent in the next 12 months. Other timing differences include pension scheme surplus, spreading of pension scheme contributions and LTIP provisions. The timing differences in relation to the LTIP provision are not expected to reverse to any significant extent in the next 12 months. The deferred tax asset in relation to the spreading of pension contributions will reverse by around £2.7m in the next 12 months. As movements in the pension scheme surplus arise from changes in actuarial assumptions as well as payments, it is difficult to forecast the future movement in the related deferred tax asset.

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 based on jurisdictional tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset resulting from UK tax losses carried forward has not been recognised due to uncertainty around the amount and timing of future taxable profits. The total amount unprovided for is £2.1m (2018: £2.1m).

15 PROVISIONS FOR LIABILITIES

	Legal costs £000	Management incentive plans £000	Leasehold dilapidations £000	Total £000
GROUP				
At 1 January 2019	-	1,153	325	1,478
Utilised in the year	-	-	(45)	(45)
Adjustments in the year	-	-	(51)	(51)
Charged to profit and loss account	175	893	49	1,117
At 31 December 2019	175	2,046	278	2,499
COMPANY				
At 1 January 2019	-	1,153	-	1,153
Charged to profit and loss account	-	893	-	893
At 31 December 2019	-	2,046	-	2,046

Provisions for legal costs relate principally to claims based on management's best estimate of the likely cash outflows. The transfer of economic benefit is expected to be made within one year.

A long-term incentive plan was set up in 2017 to reward PA Media Group Limited Executive Directors by paying them a bonus related to the cumulative performance over the period from 1 January 2017 to 31 December 2019. Payments will be made under this scheme in 2020 and 2021. The provision at the 31 December in respect of this arrangement was £2.0m (2018: £1.2m).

Leasehold dilapidations relate to contractual obligations to reinstate leasehold properties to their original state of repair. The transfer of economic benefit will be made at the end of the leases as set out in note 17.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

16 SHARE CAPITAL & RESERVES

	2019 £000	2018 £000
7,965,000 (2018: 7,965,000) ordinary shares of £1 each allotted and fully paid	7,965	7,965

Authorised share capital in both years was £8,000,000 ordinary shares of £1 each.

ORDINARY SHARE RIGHTS

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

PROFIT AND LOSS ACCOUNT

Cumulative profit and loss net of distributions to owners.

17 FINANCIAL COMMITMENTS

OPERATING LEASE COMMITMENTS

		Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
The Group and parent Company are committed to make the following payments next year under operating leases:					
Less than one year	- land and buildings	1,190	1,245	1,075	918
	- plant and machinery	121	172	-	-
Between one and five years	- land and buildings	4,423	3,905	4,280	3,671
	- plant and machinery	128	182	-	-
More than five years	- land and buildings	8,260	9,201	8,260	9,177
		14,122	14,705	13,615	13,766

FINANCE LEASE AND HIRE PURCHASE CONTRACTS

	Group 2019 £000	2018 £000
The total future minimum lease payments are payable:		
Less than one year	114	36
Between one and five years	205	-
	319	36

Obligations under finance leases are secured by the related assets and bear finance charges at a rate of 9.56% per annum (2018: 9.56% per annum).

Finance lease payments represent rentals payable by the Group for certain items of computer equipment. Leases include no purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 9.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

18 ACQUISITIONS

On 13 June 2019, the Group exercised its option to acquire an additional 13% of the issued share capital of Stream UK Media Services Limited for total consideration of £2.8m, taking the Group's total interest in the company to 87%.

NON-CONTROLLING INTERESTS

	Group	
	2019 £000	2018 £000
At 1 January	805	1,006
Additions	-	92
Profit for the financial year	376	480
Dividends paid	(428)	(539)
Revaluation of non-controlling interest	(205)	(234)
At 31 December	548	805

19 NET DEBT RECONCILIATION

	1 January 2019 £000	Cash flow £000	Exchange movement £000	Non-cash changes £000	31 December 2019 £000
Cash at bank and in hand	37,830	5,746	(103)	-	43,473
Finance leases	(36)	(105)	-	(178)	(319)
Net debt	37,794	5,641	(103)	(178)	43,154

20 PENSIONS

The Group operates a mixed benefit pension scheme, the Press Association Pension Fund (1992). Defined benefit pension accrual ceased on 30 June 2010 for all members and a defined contribution section to the Fund was created to provide future pension benefits from 1 July 2010. The funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuarial adviser. Under the scheme the employees are entitled to retirement benefits of 1/60th of the final salary on attainment of a retirement age of 63.

The Group also operates a defined contribution scheme (a Group personal pension plan). Total employer contributions to the defined contribution schemes for the year were £1.1m (2018: £0.6m).

The Group also operates other pension scheme arrangements for staff not eligible to join the Press Association Pension Fund (1992) or defined contribution schemes. At the year end employer contributions of £64,000 were due to these schemes but unpaid (2018: £57,000).

The following disclosures relates to the defined benefit section of the Press Association Pension Fund (1992).

The Company operates one defined benefit pension scheme in the UK, namely the Press Association Pension Fund (1992) (the "Scheme"). The FRS 102 calculations for disclosure purposes have been based on the results of the 31 December 2017 formal actuarial valuation performed by LCP, updated to 31 December 2019 by a qualified independent actuary. Contributions of £49.0m were made during 2019 to secure insurance policies so that the Fund's assets and liabilities are now very closely matched and should remain broadly equal in value going forward. No Company contributions are expected to be paid in 2020.

The main assumptions used were:	31 December 2019	31 December 2018
Discount rate	2.00%	2.90%
Price inflation (RPI)	3.00%	3.20%
Price inflation (CPI)	2.00%	2.20%
Rate of increase in (LPI5) pensions		
RPI inflation capped at 5% max	2.90%	3.10%
CPI inflation capped at 3% max	1.80%	2.00%
Life expectancy current males aged 63 in accounting year	24.3 years	24.2 years
Life expectancy current female aged 63 in accounting year	26.5 years	26.3 years
Life expectancy future male pensioners aged 63 in 20 years	26.1 years	26.0 years
Life expectancy future female pensioners aged 63 in 20 years	28.1 years	28.1 years

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

20 PENSIONS (CONTINUED)

Asset distribution and expected return:

	31 December 2019		31 December 2018	
	Proportion of total assets %	Fair value £ million	Proportion of total assets %	Fair value £ million
Corporate bonds	-	-	3.7%	7.7
Fixed interest gilts	0.2%	0.4	6.8%	14.4
Index linked gilts	0.6%	1.4	50.9%	107.7
Insured annuities – historic L&G policy	23.6%	50.9	23.6%	50.0
Insured annuities – 2019 Aviva policy	74.8%	161.6	-	-
Liability Driven Investments	-	-	13.3%	28.1
Other	0.8%	1.3	1.7%	3.6
Total		215.6		211.5
Present value of Scheme liabilities		(214.8)		(198.8)
Surplus in the Scheme		0.8		12.7

Over the year to 31 December 2019, contributions by the Group of £49.0m (2018: £2.8m) were made to the Scheme. This included additional contributions of £49.0m (2018: £2.8m). At 31 December 2019 £4.1m (2018: £13.3m) is in place in an Escrow account for the potential future payment into the Scheme.

In 2014 the Parent Company granted a first legal charge in favour of the Press Association Pension Fund (1992) over its freehold interest in property at 292 Vauxhall Bridge Road, London which has been satisfied in the year. The Group disposed of its freehold interest in this property on 12 August 2019. The Parent Company has granted a first legal charge in favour of Press Association Pension Fund (1992) over its freehold interest in property at Bridgegate, Howden.

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

	2019 £ million	2018 £ million
1 January	198.8	205.6
Past service cost	-	0.5
Interest cost	5.6	5.2
Actuarial gain on liabilities	23.4	(4.3)
Benefits paid	(13.0)	(8.2)
31 December	214.8	198.8

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

	2019 £ million	2018 £ million
1 January	211.5	215.5
Interest income	6.2	5.5
Actuarial (loss)/gain on assets	(36.9)	(3.4)
Contributions by the employer	49.0	2.8
Administration expenses	(1.2)	(0.7)
Benefits paid	(13.0)	(8.2)
31 December	215.6	211.5

The actual return on Scheme assets over the year, allowing for cashflows in and out of the Fund was a loss of £30.7m (2018: return of £2.1m).

The amounts recognised within the profit and loss account are as follows:

	2019 £ million	2018 £ million
Administration expenses	1.2	0.7
Past service cost in respect of GMP equalisation	-	0.5
Net interest on (surplus)/deficit	(1.0)	(0.3)
Total expense included in the profit and loss account	0.2	0.9

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

20 PENSIONS (CONTINUED)

OCI (credits)/charges for the year are as follows:

	2019 £ million	2018 £ million
Return on Scheme assets excluding interest income	(36.9)	(3.4)
Experience gains on liabilities	6.2	-
Changes in assumption (losses)/gains	(30.0)	4.3
Actuarial (loss)/gain before tax	(60.7)	0.9

Reconciliation of amounts in balance sheet over year:

	2019 £ million	2018 £ million
Surplus in Fund at 1 January	12.7	9.9
Charged to profit & loss account	(0.2)	(0.9)
Employer contributions	49.0	2.8
OCI (charge)/credit	(60.7)	0.9
Surplus in Fund at 31 December	0.8	12.7

21 FINANCIAL INSTRUMENTS

The Group has the following financial instruments.

Financial instruments that are debt instruments measured at amortised cost:

	2019 £000	2018 £000
Trade debtors	13,072	12,161
Accrued income and other debtors	5,309	4,712
At 31 December	18,381	16,873

Financial liabilities measured at amortised cost:

	2019 £000	2018 £000
Finance leases	319	36
Trade creditors	2,036	3,176
Accruals	6,219	4,790
Other creditors	203	168
At 31 December	8,777	8,170

22 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 102 Related Party Transactions, not to disclose transactions with other Group companies.

See note 3 for information relating to remuneration of key management personnel.

The Company provides administrative services to the Group's defined benefit pension scheme. At 31 December 2019 no amounts were owed by the scheme to the Group in relation to expenses paid on the Scheme's behalf (2018: £Nil).

23 POST BALANCE SHEET EVENTS

In February 2020, the Group purchased 100% of the share capital in Alamy Limited, a provider of stock images. Cash consideration paid on acquisition was £32.6m. Deferred consideration of £9.2m to be paid in February 2021 and £4.6m to be paid in February 2022.