REGISTERED NUMBER 05098596

PRESS ACQUISITIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED

29 DECEMBER 2019

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COMPANIES HOUSE

DIRECTORS

A S Barclay
H M Barclay
R J Neal
P L Peters

REGISTERED OFFICE

2nd Floor, 14 St. George Street
London
W1S 1FE

REGISTERED NUMBER

05098596

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

COUNTRY OF INCORPORATION

England and Wales

CONTENTS

STRATEGIC REPORT

The directors present their Strategic Report of Press Acquisitions Limited ("the Company"), together with its subsidiaries, (collectively, "the Group"), for the year ended 29 December 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company, which is limited by shares, is that of a private limited investment holding company. The principal activity of the Group is multi-platform news publishing, including the UK's leading quality newspaper, The Daily Telegraph, as well as The Sunday Telegraph, telegraph.co.uk and digital apps for tablets and smartphones. No significant changes to these activities are expected in the forthcoming year.

The Group continues to focus resources on the strategic goal of delivering 10 million registrants and 1 million subscribers by 2023 ("the 10-1-23 Strategy").

In 2019 turnover was £265.7m (2018: £277.2m), a marginal reduction compared to 2018 which is due to the continued structural decline in print advertising and casual newspaper circulation, increasingly offset by growth in subscriber revenues. Digital subscription revenues increased by 49% to £17.8m in 2019 as the Group took another significant step forward in the second full year of its 10-1-23 Strategy.

Operating profit before exceptional items in the financial year increased to £16.0m (2018: £8.1m), predominantly driven by growth in digital subscription revenues and planned cost savings as part of the 10-1-23 Strategy; although this is a non-GAAP measure, management believe this to be a core metric to show underlying business performance. The retained loss for the financial year was £3.6m (2018: £9.9m). The results of the Group for the financial year are set out in the Statement of Comprehensive Income on page 9. No dividends were declared or paid during the year (2018: £nil).

The directors are pleased by the growth in operating profit, which was ahead of Budget and is driven by the ongoing success of the digital strategy. This improving financial performance represents the ever-increasing focus of the business in fulfilling its digital strategy.

KEY PERFORMANCE INDICATORS (KPIs)

Management monitor the financial and non-financial performance of the Group through a series of KPIs, including the following:

Financial	**2019**	**2018**
Turnover	£265.7m	£277.2m
Operating profit before exceptional items	£16.0m	£8.1m
Operating profit margin before exceptional items	6.0%	2.9%
Retained loss for the financial year	£3.6m	£9.9m

Non – Financial		
Average weekly print subscriptions	209,443	220,466
Average weekly digital subscriptions	213,868	143,250
Average issue readership* – Daily Telegraph	760,000	882,000
Average issue readership* – Sunday Telegraph	765,000	942,000
Monthly average print and digital data readership*	21,669,000	22,741,000

*Source: PAMco

STRATEGIC REPORT– CONTINUED

COVID-19

On 30 January 2020 the spread of Covid-19 was declared a public health emergency by the World Health Organisation and subsequently the UK Government implemented a national 'lockdown' on 23 March 2020. As a result of the pandemic, the Group has experienced the following:

- a significant reduction in advertising and travel commerce revenues, together with a temporary reduction in casual newspaper sales during the 'lockdowns', offset by a substantial increase in digital subscription revenues; and
- operational challenges resulting from increased absenteeism, coupled with the need to maintain social distancing where practically possible, in line with government guidelines.

Throughout the Covid-19 pandemic, the Group has continued to offer the same high quality of journalism to a growing number of subscribers and the directors are highly appreciative of the support and dedication of all colleagues, suppliers and clients through these unprecedented times. Operational working practices have necessarily been modified as a result of the pandemic, with the implementation of social distancing, the provision of hand sanitisers, together with new cleaning regimes as common practices, all whilst managing necessary colleague attendance in the offices.

It is extremely difficult to quantify the on-going impact of Covid-19 on the Group. However, the Group's forecasts continue to be regularly stress tested for a number of scenarios and the Group has successfully, to date, deployed strategies and tools to closely manage cash flows and mitigate any issues. Actions taken by the Group include cost management, a reduction in capital spend and working capital management.

The directors are confident in the Group's ability to adapt in these uncertain and unpredictable times. The substantial increase in new digital subscribers in the year ending December 2020 is a clear sign of the success of the 10-1-23 Strategy, however the Covid-19 pandemic represents a short-term risk to advertising and travel commerce revenues. The increase in digital subscribers provides confidence that the Group can manage and mitigate these potential downside factors. The directors continue to monitor the impact on the business by closely reviewing performance versus forecast.

OUTLOOK

Aside from the Covid-19 pandemic, the Group expects the environment it operates in to remain challenging, with continued competition and volatility primarily in the advertising market. Many of the fundamental changes in the industry are now well established, including how consumers engage with digital content, whilst regulatory developments around ePrivacy and the use of cookies are an area that the business continues to monitor closely.

In response to these trends and market conditions, the Group remains committed to its strategy to use the Telegraph's quality journalism as the foundation to grow to 10 million registered customers and 1 million subscribers by 2023 ("10-1-23 Strategy"). Furthermore, continued market research performed by the Group enables the business to further develop the content and digital products to enhance the customer journey and improve retention rates.

The 10-1-23 Strategy, which is underpinned by investment in quality journalism, puts the Group in a strong place to compete effectively. The Group's in-depth knowledge of the readership allows the business to sensitively send more targeted and meaningful offers and communications, thus selling targeted and data-informed advertising, all within a premium context and environment.

Despite the Covid-19 pandemic, the directors are confident that the Group will show further significant financial improvement in the year ending December 2020.

The shareholder remains supportive of the business and is committed to its success.

STRATEGIC REPORT– CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

The ability to compete effectively depends on a variety of factors, including the ability to:

- Attract, retain and deepen the engagement of its customers;
- Continue to deliver quality insight and perspectives through its journalism;
- Continue to provide a high-quality user experience through its range of products;
- Continue to grow the subscriptions market as well as its market share;
- Monitor and manage operating costs effectively;
- Protect customer data and information;
- Protect and strengthen the strong Telegraph brand and reputation; and
- Attract, develop and retain talent.

The terms on which the United Kingdom may continue to trade with the European Union (EU) after Brexit are not yet clear. The directors have assessed the situation and consider any potential impact on the Group to be limited to arrangements held when publishing the newspaper in the EU, plus subscribers based in EU member states. The directors will continue to monitor developments to assess the risk and plan accordingly to mitigate any potential impacts on the business.

SECTION 172 OF THE COMPANIES ACT

The directors must act in accordance with a set of general duties that are detailed in the Companies Act 2006. Included in Section 172 is the requirement that a director of a company must act in the way they consider, in good faith, would most likely promote the success of the Group for the benefit of its stakeholders.

In doing this, the director must have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct, and;
- the need to act fairly between members of the company.

Examples of how the directors address these matters can be found within the Directors Report under the sections "Employee Engagement" and "Business Relationships".

On behalf of the Board

H M Barclay
Director
24 December 2020

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of the Company and the Group, for the financial year ended 29 December 2019.

The Group has chosen in accordance with section 414c (11) of the Companies Act 2006 to include such matters of strategic importance to the Group in the Strategic Report which would otherwise be required to be disclosed in the Directors' Report. These matters include commentary on future developments and disclosures in relation to dividends.

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A S Barclay	
H M Barclay	
R J Neal	- appointed 27 June 2019
P L Peters	
R K Mowatt	- resigned 31 July 2019
M Seal	- resigned 7 June 2019

The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its directors, which were in force during the financial year and also at the approval date of the financial statements.

GOING CONCERN

The basis of the directors' conclusion on going concern is set out in Note 1(b) to the financial statements. The directors have reviewed the financial position alongside the cash flow forecasts and conclude that the going concern basis for accounting remains appropriate.

The Group cash flows for the 18 months to 30 June 2022 have been carefully considered from the date of signing the audited financial statements. These have been appraised in the light of the uncertainty in the current economic climate, with particular regard to the impact of the Covid-19 pandemic and potential Brexit regulations.

As such, what the directors consider to be prudent assumptions have been used to determine the level of financial resources available to the Group and to assess liquidity risk. The key risks identified by the directors for these assumptions are subscription levels, the impact of a further deterioration in advertising and travel commerce revenue, together with associated credit risks.

Despite the Covid-19 pandemic, the directors are confident that the Group will show significant financial improvement in the year ending December 2020. Except for short term liquidity benefits through the deferral of VAT and PAYE payments, no Government support has been taken by the Group since the onset of the Covid-19 pandemic.

A full risk analysis has been carried out against the current financial plans and the directors are satisfied that the plans are robust and deliverable and will enable the Group to continue to meet its liabilities as they fall due in the foreseeable future and for a period of at least 12 months subsequent to approval of the financial statements.

EMPLOYEE ENGAGEMENT

The commitment, innovation and drive of our employees are core to the ongoing development and success of our business. The Group pursues a policy of equal opportunities for all employees and potential employees, including disabled persons. Suitable retraining is provided wherever practicable for employees who become disabled during service.

The Group continues to provide a competitive range of benefits to employees, including the opportunity to join the Company-wide defined contribution pension scheme and other initiatives providing employees with greater flexibility in their work-life choices. The Group continues to offer career enhancement to its employees by way of relevant management and personal development courses with the aim of ensuring that staff have the right skills to operate in the digital landscape. Apprenticeships, internships and work experience policies are in place to ensure that the Group offers high quality opportunities to attract applicants from all backgrounds, to ensure fair and equitable access into the business.

DIRECTORS' REPORT - CONTINUED

EMPLOYEE ENGAGEMENT- CONTINUED

Consultation with employees or their representatives continues at all levels, with the aim of ensuring that their views are taken into account, within the limitations of commercial confidentiality, when decisions are made that are likely to affect their interests. All employees are aware of the Group's vision, purpose and strategy and of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues through regular management briefings, staff surveys and the Telegraph intranet.

BUSINESS RELATIONSHIPS

The Telegraph readership is key to the success of the Group and regular forums and focus groups are carried out to ensure that the best printed and digital content is delivered. The Group receives "Letters to the Editor" from readers, and also engages regularly with key customers.

The Group has categorised several suppliers as strategic, with whom regular meetings take place to discuss performance in general and against service level agreements. These meetings are attended by relevant employees and this activity is key to fostering mutually beneficial business relationships.

ENVIRONMENTAL MATTERS

The Group recognises the importance of its environmental responsibilities, including monitoring its impact on the environment, together with designing and implementing policies to reduce any damage that might be caused by its activities.

In November 2019 the London Victoria Head Office won a Gold Award in the Environmental Best Practice category at the Annual Environmental Green Apple Awards at the Houses of Parliament. This award is an annual accredited campaign to recognise, reward and promote environmental best practice around the world.

The Group has removed all single-use plastics from staff areas, with staff encouraged to bring their own reusable kitchenware; this translates to a saving of circa 40,000 plastic cups per year. The number of recycling points has also been increased, with all coffee grounds recycled and converted to biofuel. A total of 79% of the waste generated in our London Head Office is recyclable. In addition, the Group encourages its print readers to recycle their newspapers.

DONATIONS

During the financial year the Group made charitable donations of £16k *(2018: £10k)* which was principally to charities associated with the newspapers. The Group made no political donations *(2018: £nil)*.

FINANCIAL RISK MANAGEMENT

The Group is not exposed to any significant interest rate risk. Currency transaction risk is not substantial as most of the Group's business is transacted in Sterling.

The Group's credit risk is primarily attributable to its trade receivables, which is mitigated by regular reviews of customer balances and their contractual payment terms. The amounts presented in the Balance Sheet are net of allowances for doubtful debts, estimated on prior experience and assessment of the current economic climate.

Liquidity risk arises from timing differences between cash inflows and outflows. These risks are managed through maintaining adequate credit facilities. It is standard policy to maintain sufficient cash balances and committed facilities to meet anticipated future requirements. These resources, together with the expected future cash flows to be generated by the business, are regarded as sufficient to meet the anticipated funding requirements of the Group for at least the next twelve months from the date of signing the financial statements.

DIRECTORS' REPORT - CONTINUED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

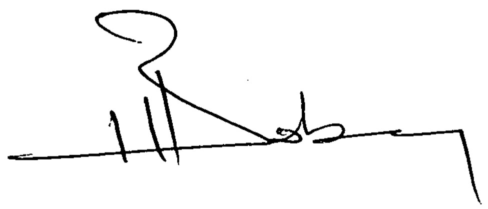
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

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

On behalf of the Board



H M Barclay
Director
24 December 2020

Independent auditors' report to the members of Press Acquisitions Limited

Report on the audit of the financial statements

Opinion

In our opinion, Press Acquisitions Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 29 December 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 29 December 2019; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 December 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Turnover	2	**265,731**	277,159
Cost of sales		**(192,053)**	(213,121)
Gross profit		**73,678**	64,038
Distribution costs		**(11,614)**	(11,961)
Administrative expenses		**(59,100)**	(53,866)
Operating profit/(loss)	3	**2,964**	(1,789)
Attributable to:			
Operating profit before exceptional items, impairment and title amortisation		**16,046**	8,099
Exceptional items	3	**(6,879)**	(3,685)
Amortisation of intangible assets – Publishing Titles and Goodwill	9	**(6,203)**	(6,203)
		2,964	(1,789)
Interest payable and similar expenses	6	**(6,193)**	(7,971)
Loss before taxation		**(3,229)**	(9,760)
Tax on loss	7	**(417)**	(182)
Loss for the financial year		**(3,646)**	(9,942)

All the above results are derived from continuing operations, there is no other comprehensive income for the Group.

The notes on pages 13 to 25 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 29 DECEMBER 2019

	Note	The Group 29 Dec 2019 £'000	The Group 30 Dec 2018 £'000	The Company 29 Dec 2019 £'000	The Company 30 Dec 2018 £'000
Fixed assets					
Intangible assets	**8**	**165,922**	175,700	**-**	-
Tangible assets	**9**	**5,122**	4,617	**-**	-
Investments	**10**	**357**	267	**164,885**	164,885
		171,401	180,584	**164,885**	164,885
Current assets					
Debtors	**11**	**51,296**	60,560	**353**	21
Cash at bank and in hand		**7,532**	1,379	**4**	25
		58,828	61,939	**357**	46
Creditors: amounts falling due within one year	**12**	**(188,672)**	(199,603)	**(254,117)**	(250,393)
Net current liabilities		**(129,844)**	(137,664)	**(253,760)**	(250,347)
Total assets less current liabilities		**41,557**	42,920	**(88,875)**	(85,462)
Creditors: amounts falling due after more than one year	**13**	**(80)**	(89)	**-**	-
Provision for other liabilities	**14**	**(2,292)**	-	**-**	-
Net assets/(liabilities)		**39,185**	42,831	**(88,875)**	(85,462)
Capital and reserves					
Called up share capital	**15**	**50,000**	50,000	**50,000**	50,000
Profit and loss account		**(10,815)**	(7,169)	**(138,875)**	(135,462)
Net equity		**39,185**	42,831	**(88,875)**	(85,462)

As permitted by section 408 of the Companies Act 2006, no income statement and related notes of the Company are presented. The loss recorded by the Company was £3,413k (2018: £5,793k).

These financial statements on pages 9 to 25 were approved by the board of directors on 24 December 2020 and were signed on its behalf by:

R J Neal

R J Neal
Director

The notes on pages 13 to 25 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

THE GROUP

FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 30 December 2018	50,000	(7,169)	42,831
Loss for the financial year	-	(3,646)	(3,646)
At 29 December 2019	**50,000**	**(10,815)**	**39,185**

FOR THE FINANCIAL YEAR ENDED 30 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 1 January 2018	1,000	2,773	3,773
Issued, called up and fully paid shares	49,000	-	49,000
Loss for the financial year	-	(9,942)	(9,942)
At 30 December 2018	**50,000**	**(7,169)**	**42,831**

THE COMPANY

FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 30 December 2018	50,000	(135,462)	(85,462)
Loss for the financial year	-	(3,413)	(3,413)
At 29 December 2019	**50,000**	**(138,875)**	**(88,875)**

FOR THE FINANCIAL YEAR ENDED 30 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
At 1 January 2018	1,000	(129,669)	(128,669)
Issued, called up and fully paid shares	49,000	-	49,000
Loss for the financial year	-	(5,793)	(5,793)
At 30 December 2018	**50,000**	**(135,462)**	**(85,462)**

The notes on pages 13 to 25 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash inflow from operations	21	**27,653**		19,314	
Interest paid		**(5,281)**		(7,972)	
Taxation paid		**(310)**		(1,623)	
Net cash inflow from operating activities			**22,062**		9,719
Cash flows from investing activities					
Net purchase of intangible and tangible fixed assets		**(8,802)**		(6,309)	
Purchase of remaining shares in subsidiary		**-**		(100)	
Investments		**(89)**		(267)	
Net cash outflow from investing activities			**(8,891)**		(6,676)
Cash flows from financing activities					
Repayment of lease financing		**(18)**		(137)	
Loans paid to parent company		**(7,000)**		(7,000)	
Net cash outflow from financing activities			**(7,018)**		(7,137)
Net increase/(decrease) in cash and cash equivalents			**6,153**		(4,094)
Cash and cash equivalents at beginning of year			**1,379**		5,473
Cash and cash equivalents at the end of year			**7,532**		1,379

The notes on pages 13 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 29 DECEMBER 2019

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout all years presented, are set out below.

(a) Statement of compliance

The Group and Company financial statements have been prepared in compliance with 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 the Companies Act 2006.

(b) Basis of preparation

The financial statements have been prepared in Sterling (rounded to the nearest hundred thousand pounds), the functional currency of the Company and the Group, under the historical cost convention.

The Group financial statements consolidate the financial statements of Press Acquisitions Limited and its subsidiary undertakings (over which it exercises control) up to 29 December 2019, as they use 52/53 week accounting periods. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the financial year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Balances at that date are referred to as relating to 2019 in these financial statements. The 52 weeks to 30 December 2018 and balances at that date are referred to as relating to 2018.

The financial statements have been prepared on the going concern basis.

In determining whether the Group's financial statements can be prepared on the going concern basis, the directors have considered the business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities as well as the principal risks and uncertainties relating to its business activities.

The Group and Company are partially financed by a loan facility agreement with Lloyds Banking Group, of which £64m is drawn down as at the date of approval of the financial statements. The facility is not due for renewal until 30 June 2022. Further details on the Group's borrowing facilities, including key terms, are set out in note 12.

The directors have prepared cash flow forecasts for the Group for the 18 months to 30 June 2022. Since the initial preparation of these forecasts, the directors note that the Group has been trading well against these plans at profit and cash flow levels.

A full risk analysis exercise has been carried out against the current financial plans which have included an appraisal based upon the following severe but plausible scenario:

- a potential further severe downturn in total revenue of 20% on top of the Covid-19 2020 depressed outturn - however, the ongoing and successful implementation of the "subscription first strategy" reduces the dependence on variable advertising and travel commerce revenues, offset by associated reductions in variable costs; and
- in assessing this severe but plausible scenario, the directors also took into account potential mitigating actions within their control, such as restricting discretionary capital expenditure and working capital management.

As such, what the directors consider to be prudent assumptions have been used to determine the level of financial resources available to the Group and to assess liquidity risk.

A full risk analysis has been carried out against the current financial plans and the directors are satisfied that the current financial plans are robust and deliverable and will enable the Group to continue to meet its liabilities as they fall due in the foreseeable future and for a period of at least 12 months subsequent to approval of the financial statements. In addition, the directors of the Group's parent undertaking, May Corporation Limited, have indicated their intention to provide financial support should that be required by the Group.

Accordingly, on that basis, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

1. ACCOUNTING POLICIES – CONTINUED

(c) Intangible assets

Telegraph Publishing titles

Publishing titles for the *Telegraph,* are initially recognised as an asset at fair value. These assets are amortised using the straight-line method over the expected life over which these assets will generate revenues and profits for the Group. The directors believe that these particular publishing titles owned by the Group have a finite useful economic life of forty years. They believe that these titles have demonstrated value over long periods and that because of their position in the market they will continue to do so, the *Telegraph* being established as a title in 1855 and trading successfully since that date. An impairment review is carried out at each reporting date. In assessing the value in use, the estimated future cash flows generated by the titles are discounted to their present value using a post-tax discount rate that reflects the current market assessment of the time value of money and the inherent risks. If the recoverable amount of the titles is estimated to be less than the carrying amount, the carrying value of the titles is reduced to the recoverable amount. Any impairment charge is recognised in the consolidated income statement in the year in which it occurs and may be reversed in subsequent periods.

Purchased goodwill

With respect to the purchased goodwill, this has been calculated as the amounts by which the fair value of the purchased consideration exceeded the aggregated fair values of their identifiable assets and liabilities at the dates of acquisition. Those fair values are determined by applying the rules in FRS 102 and they are used as the carrying amounts for the newly acquired assets and liabilities in the financial statements to give a true and fair view. Purchased goodwill is capitalised and amortised over its estimated useful economic life of five years, the period over which the Group expects to benefit from company reputations, contacts and skills, using the straight-line method.

Other Intangibles

Computer software is stated at cost less accumulated amortisation and impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

(d) Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Cost represents the cost of acquisition or construction, including the direct costs of financing the acquisition or construction until the asset comes into use.

Depreciation is calculated to write off the cost, less residual value, of tangible fixed assets on a straight-line basis over their estimated useful economic lives which are as follows:

Buildings	
Short Leasehold Buildings	50 years or the lease term if under 50 years
Plant and equipment	
Computer equipment	3-5 years
Furniture and fittings	10 years
Other	3-10 years

(e) Investments

Investments acquired with the intention that they be held for the long term are stated at cost less provision, if appropriate, for any permanent diminution in value.

Dividend income is recognised when the right to receive payment is established.

(f) Debtors

Trade debtors are amounts due from customers for goods or services sold in the ordinary course of business.

1. ACCOUNTING POLICIES – CONTINUED

Trade debtors are recognised initially at the transaction price and classified as current assets. A provision against trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(g) *Creditors*

Trade creditors are obligations to suppliers to pay for goods or services purchased in the ordinary course of business.

Trade creditors are recognised initially at the transaction price and classified as current liabilities. If there is an unconditional right to defer obligation to pay suppliers for at least twelve months after the period end, they are presented as amounts falling due after more than one year.

(h) *Accrued and Deferred income*

Accrued income represents unbilled, delivered work, predominately for advertising revenue and is classified as debtors. Deferred income represents receipts from subscribers in advance of goods and services being provided and is classified as part of Creditors due within one year.

(i) *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

(j) *Finance leases*

Where asset purchases are financed by leasing agreements that give rights approximate to ownership, the assets are treated as if they had been purchased outright and recorded as fixed assets, and the corresponding liabilities are shown as obligations under finance leases.

Rental payments under finance leases are apportioned between capital and interest, the interest portion being charged to the income statement and the capital portion reducing the obligations to the lessor.

(k) *Operating leases*

Rental costs arising under operating leases are charged to the income statement on a straight line basis over the life of the lease.

(l) *Turnover*

Turnover represents sales to third parties and is stated net of returns, commissions, discounts and rebates, and excludes value-added tax and other sales taxes. Print advertising revenue is recognised on the date of publication, whilst circulation revenue is recognised at the time of sale. Digital advertising revenue is recognised over the period of the online campaign in accordance with the provision of services. Other revenue is recognised at the time of sale or over the duration of the provision of services as appropriate.

(m) *Exceptional items*

Exceptional items are transactions that fall within the activities of the Group but are presented separately by virtue of their nature or size to assist in understanding the financial performance of the Group.

(n) *Foreign currency transactions and balances*

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rate ruling on the balance sheet date (the "closing rate"). All exchange differences are taken to the statement of consolidated comprehensive income as a financing cost.

(o) *Taxation*

The charge for taxation is based on the result for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

1. **ACCOUNTING POLICIES – CONTINUED**

Deferred tax is recognised for all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the Group's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the financial year in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets, including those relating to losses potentially available for relief in future years, are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(p) Pension costs

The costs of defined contribution schemes are charged to the income statement as the obligation to pay arises.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with generally accepted accounting principles requires the directors to make estimates and judgements in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. However, management believe there is no significant risk of material adjustments to the carrying values in the next 12 months In this regard, the directors believe the critical accounting policies where estimations are necessarily applied are summarised below.

Trade Receivables

The Group reviews trade receivables and makes estimates on the recoverability of these receivables with reference to the age of the outstanding amounts, credit status of the counterparty and the status of any outstanding dispute.

Impairment of publishing titles

The Group considers whether its publishing titles are impaired. The recoverable value of the publishing titles requires estimates of the future cash flows and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. This is further analysed in note 8.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular the useful economic life and residual values of plant and equipment, and have concluded that asset lives and residual values are appropriate.

Amortisation and residual values

The directors have reviewed the intangible asset lives and associated residual values and have concluded that asset lives and residual values are appropriate.

Contract rebate provisions

The Group enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level and share of their spend over the contract period. These rebates can take the form of cash payments, free advertising space or a mix of both. The rebate provision is calculated using the forecast spend and share over the contract period and rebate entitlement set out in the trading agreement. Calculating the required provision therefore requires an estimate of future period spend and overall share in determining what tier the agencies may reach over the contract period.

Provision for libel claims

The Group is exposed to libel claims in the ordinary course of business and vigorously defends against claims received. The Group makes provision for the estimated costs to defend such claims when incurred and provides for any settlement costs when such an outcome is judged probable.

1. ACCOUNTING POLICIES – CONTINUED

Provision for restoration

The Group is obligated to pay a restoration charge should the buildings currently occupied be vacated once the rental agreements expire. This has been estimated based on a fixed cost per square foot and is recognised in the balance sheet and expensed over the term of the rental agreements.

2. TURNOVER

Substantially all the Group turnover and operating profit/(loss) arise from media publication activities within the United Kingdom. This extends to subscription circulation and advertising revenue, across both print and digital platforms.

3. OPERATING PROFIT/LOSS

Operating profit/loss before taxation is stated after charging/(crediting):

			2019	2018
			£'000	£'000
Employment costs (including directors) *(see note 5 (b))*			**93,254**	95,729
Operating lease rentals	- buildings		**7,576**	7,392
Amortisation	- publishing titles *(see note 8)*		**6,203**	6,203
	- purchased goodwill		**-**	136
	- other intangibles *(see note 8)*		**7,193**	6,899
Depreciation	- tangible assets *(see note 9)*		**2,337**	1,865
Impairment	- Investment (see note 9)			856
	- Intangible assets (included in administrative expenses)		**1,054**	-
Auditors' remuneration	- audit services	- the Group	**338**	150
		- the Company	**-**	-
	- other non-audit services		**191**	180
Exceptional items	- reorganisation costs (see below)		**6,645**	2,712
	- exceptional charge (see below)		**-**	1,231
	- exceptional credits (see below)		**(1,107)**	(258)
	- impairment of intangible assets (see below)		**1,341**	-

(a) Reorganisation costs

This represents the costs of restructuring the Group's operations and includes the costs of staff redundancies and professional services carried out to improve the efficiency and effectiveness of the operations. This has resulted from the Group continuing to make progressive changes to the structure of its business to ensure it is well positioned to navigate and monetise the digital transition taking place in the media industry.

(b) Exceptional charge

In 2018, the charge related to an adjustment to revenues from commercial partners in prior years. There has been no equivalent exercise in 2019.

(c) Exceptional credits

This represents non-recurring adjustments relating to excess contract revenue rebate provisions from prior years no longer required, and a review of other commitments and contractual liabilities.

(d) Impairment of intangible assets

This represents impairment for travel assets related software. The difference of £278k included in administrative expenses relates to depreciation.

4. DIRECTORS' EMOLUMENTS

The directors received no emoluments for their services rendered to the Company during the financial year *(2018: £nil)*.

5. EMPLOYEE INFORMATION

(a) Monthly average number of persons (including directors) employed by the Group during the financial year:

	2019 Number of employees	2018 Number of employees
Editorial and production	**690**	611
Selling, distribution and administration	**561**	576
	1,251	1,187

(b) Group employment costs (including directors)

	2019 £'000	2018 £'000
Wages and salaries	**78,847**	81,325
Social security costs	**9,164**	9,285
Other pension costs	**5,243**	5,119
	93,254	95,729
Redundancy costs shown within exceptional items *(see note 3(a))*	**5,749**	1,176
Total costs of employment	**99,003**	96,905

The Company had no employees in 2019 and 2018 and therefore no employment costs in both years.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest payable on loans repayable within five years and bank borrowings	**4,888**	6,750
Bank and other similar expenses	**1,305**	1,221
	6,193	7,971

7. TAX ON LOSS

	2019 £'000	2018 £'000
Analysis of credit/(charge) for the financial year		
Current tax:		
UK corporation tax on loss for the financial year	**(1,585)**	(449)
Tax credits relating to R&D	**185**	-
Tax refund	**24**	-
Total current tax charge	**(1,376)**	(449)
Deferred tax:		
Origination and reversal of other timing differences	**1,152**	267
Adjustments in respect of prior year	**(193)**	-
Total deferred tax credit *(see note 11)*	**959**	267
Tax charge on loss	**(417)**	(182)

7. TAX ON LOSS – CONTINUED

Factors affecting the tax charge for the current financial year

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

	2019	2018
	£'000	£'000
Loss before taxation	**(3,229)**	(9,760)
Tax credit at 19.0% *(2018: 19.0%)*	**614**	1,855
Effects of:		
Expenses not deductible for tax purposes	**(1,595)**	(2,435)
Adjustments in respect of prior period	**(194)**	-
Deemed interest on intercompany loan balances	**337**	349
Group relief for nil consideration	**212**	49
Tax credits relating to R&D	**185**	-
Tax refund	**24**	-
Total tax charge	**(417)**	(182)

Factors affecting current and future tax charges

The main rate of corporation tax in the UK is currently 19.0%. Accordingly, the Group's losses for the accounting year to 29 December 2019 were taxed at an effective rate of 19.0% *(2018: 19.0%)*.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. INTANGIBLE ASSETS

THE GROUP

	Publishing Titles £'000	**Other Intangibles £'000**	**Total £'000**
Cost:			
Opening balance at 30 December 2018	629,294	56,005	685,299
Additions	-	5,292	5,292
Disposals	-	(669)	(669)
Impairment		(1,718)	(1,718)
Closing balance at 29 December 2019	629,294	58,910	688,204
Accumulated Amortisation:			
Opening balance at 30 December 2018	(470,610)	(38,989)	(509,599)
Amortisation	(6,203)	(7,193)	(13,396)
Disposals	-	336	336
Impairment	-	377	377
Closing balance at 29 December 2019	(476,813)	(45,469)	(522,282)
Net Book Value:			
Closing balance at 29 December 2019	**152,481**	**13,441**	**165,922**
Closing balance at 30 December 2018	158,684	17,016	175,700

8. INTANGIBLE ASSETS – CONTINUED

Telegraph Publishing Titles

The Telegraph Publishing Titles were acquired as part of the purchase of Telegraph Media Group Limited. The directors believe these Titles are positioned in the market to continue to demonstrate value for the foreseeable future and are amortised using the straight-line method over forty years. In addition, each year the Titles are reviewed for impairment. The recoverable amount is measured through a value in use calculation. Value in use is determined by discounting future expected cash flows based on approved three year projections.

The growth rates for the three year period are based on both internal and external market information and reflect past experience plus a risk assessment. The terminal real growth rate for the business is assumed to be 2.0%. In compliance with FRS 102, projected cash flows arising from improving or enhancing the Titles performance are excluded. The post tax discount rate applied was 10.6% *(2018: 10.6%)*. This has not resulted in impairment in the year *(2018: £nil)*. Sensitivity analysis has been performed over the terminal growth rate, the growth in digital subscription revenue as well as staff costs as the key cost base of the business, and management are comfortable that no impairment will arise.

Other Intangibles

Other intangible assets are being amortised over their estimated useful lives of three to five years, the period over which the Group expects to benefit from their value using the straight-line method. The additions in the year relate to internally developed intangible assets on the Telegraph's website, specifically on projects around subscriber acquisition and retention. It includes purchased software, as well as internally developed website assets.

During the year travel assets related software with net book value of £1,054k were fully impaired due to a change in strategy it was deemed to no longer generate any economic benefit.

THE COMPANY

The Company had no intangible assets at 29 December 2019 *(2018: £nil)* or at any time during the financial year.

9. TANGIBLE ASSETS

THE GROUP

	Buildings - short leasehold £'000	Plant & Equipment £'000	Total £'000
Cost:			
Opening balance at 30 December 2018	15,285	46,230	61,515
Additions	2,292	784	3,076
Disposals	(2,048)	(14,614)	(16,662)
Closing balance at 29 December 2019	15,529	32,400	47,929
Accumulated Depreciation:			
Opening balance at 30 December 2018	(13,036)	(43,862)	(56,898)
Charge for the financial year	(1,117)	(1,220)	(2,337)
Disposals	2,006	14,422	16,428
Closing balance at 29 December 2019	(12,147)	(30,660)	(42,807)
Net Book Value:			
Closing balance at 29 December 2019	**3,382**	**1,740**	**5,122**
Closing balance at 30 December 2018	2,249	2,368	4,617

The net book value of assets held under finance leases included in the above was £176k *(2018: £314k)*. Additions in the year relate to leasehold improvements.

9. TANGIBLE ASSETS - CONTINUED

THE COMPANY

The Company had no tangible assets at 29 December 2019 *(2018: £nil)* or at any time during the financial year.

10. INVESTMENTS

THE GROUP	**2019** **£'000**	**2018** **£'000**
Cost and net book value		
Opening balance	267	991
Additions	90	132
Impairment	-	(856)
Closing balance	357	267

During the year, the Group increased an investment by £90k *(2018: £132k)* held in its subsidiary, TMG Innovations Limited.

THE COMPANY	**Shares in Subsidiaries** **£'000**
Cost:	
Opening balance and Closing balance	761,830
Provision:	
Opening balance	(596,945)
Charge in the financial year	-
Closing balance	(596,945)
Net Book Value:	
Closing balance at 29 December 2019	**164,885**
Closing balance at 30 December 2018	164,885

Details of the Group's subsidiary companies

As at 29 December 2019, the subsidiary companies, all incorporated in England and Wales and registered at 111 Buckingham Palace Road, London, SW1W 0DT, were:

Name	**Nature of business**	**Class and proportion of nominal value and voting rights of issued shares held**
Telegraph Media Group Limited and its subsidiaries:	Publisher	Ordinary shares – 100%
TMG Innovations Limited	Investment Holdings	Ordinary shares – 100%
The Evening Post Limited	Dormant	Ordinary shares – 100%
The Morning Post Limited	Dormant	Ordinary shares – 100%
Telegraph Publishing Limited	Dormant	Ordinary shares – 100%
Telegraph Secretarial Services Limited	Dormant	Ordinary shares – 100%
Telegraph Financial Solutions Limited	Dormant	Ordinary shares – 100%
Telegraph Events Limited and its subsidiary:	Event organiser	Ordinary shares – 100%
Eagle Publications Limited	Dormant	Ordinary shares – 100%

With effect from 1 January 2019, all business operations of Telegraph Events Limited transferred to its immediate parent company, Telegraph Media Group Limited.

11. DEBTORS

	The Group		The Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Trade debtors	**28,877**	33,625	-	-
Other debtors	**1,568**	1,196	-	-
Corporation tax	-	79	-	-
Other taxation and social security	-	380	-	-
Deferred taxation asset	**2,715**	1,756	-	-
Prepayments and accrued income	**18,136**	23,524	**353**	21
	51,296	60,560	**353**	21

Deferred taxation

THE GROUP

	2019	2018
	£'000	£'000
Amount provided:		
Capital allowances	**2,715**	1,756
Deferred tax asset	**2,715**	1,756

	2019	2018
	£'000	£'000
Movements on the deferred tax:		
Opening balance	**1,756**	1,489
Credited to statement of comprehensive income *(see note 7)*	**1,152**	267
Adjustment in respect of prior year	**(193)**	-
Closing balance	**2,715**	1,756

In addition, the Company has unutilised tax losses totalling £52.3m *(2018: £51.4m)* available for set off against future taxable profits of the Company. The directors cannot foresee when this recovery will be made and so this asset has not been recognised in these financial statements.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**80,000**	80,000	**80,000**	80,000
Trade creditors	**9,943**	12,091	-	-
Amounts owed to group undertakings	**24,000**	31,000	**173,319**	170,393
Obligations under finance leases *(see note 13)*	**68**	76	-	-
Other creditors	**6,792**	2,109	**798**	-
Corporation tax	**987**	-	-	-
Other taxation and social security	**4,070**	3,467	-	-
Accrued expenses and deferred income	**62,812**	70,860	-	-
	188,672	199,603	**254,117**	250,393

a) Group bank loan

The bank loan of £80,000k (2018: £80,000k) is denominated in Sterling and bears interest at LIBOR plus a margin of 5.00% (2018: 5.00%) and is due within one year. Charges in favour of the lender exist over all the Group's assets.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - CONTINUED

b) Amounts owed to group undertakings

Amounts owed to group undertakings include a loan of £149,241k *(2018: £139,337k)* due to a subsidiary company and £24,000k due to *(2018: £31,000k)* the Company's immediate parent company. The loans are denominated in Sterling, are unsecured, do not bear interest and have no fixed repayment terms.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Obligations under finance leases	**80**	89	**-**	-
	80	89	**-**	-

Obligations under finance leases

	2019	2018
Repayable:	**£'000**	£'000
Within one year	**68**	76
In more than one year but less than five years	**80**	89
Total obligations	**148**	165
Less: classified as a current creditor *(see note 12)*	**68**	76
Net long term obligations	**80**	89

14. PROVISION FOR OTHER LIABILITIES

THE GROUP

	Building
	£'000
Opening balance at 30 December 2018	-
Additional provision	2,292
Closing balance at 29 December 2019	2,292

The building provision relates to a restoration provision and is expected to be utilised over the life of the lease. This is recognised in accordance with the accounting policy referenced in Note 1. Restorations are calculated based on the expected cost to return property to its original state and are built up over the life of the lease, which is over the next seven years in this instance. This change in accounting estimate is reflected prospectively only, and results in a corresponding asset and provision being recorded. The asset is amortised and unwound to the Statement of Comprehensive Income on a straight-line basis, over the life of the lease. The restoration provision is utilised in accordance with the lease contract.

15. CALLED UP SHARE CAPITAL

THE GROUP AND COMPANY

	2019	2018
	£'000	£'000
Authorised:		
500,000,000 *(2018: 500,000,000)* ordinary shares of £1 each	**500,000**	500,000
	500,000	500,000

	2019	2018
	£'000	£'000
Issued, called up and fully paid:		
50,000,000 *(2018: 50,000,000)* ordinary shares of £1 each	**50,000**	50,000
	50,000	50,000

16. COMMITMENTS

THE GROUP

Future payments under non-cancellable land and building operating leases for each of the following periods:

	2019	2018
	£'000	£'000
Not later than one year	**6,855**	7,257
Later than one year and not later than five years	**19,732**	11,317
Later than five years	**26,854**	226
	53,441	18,800

During 2019, the lease on the London site was re-signed, expiring in 2031.

THE COMPANY

The Company had no commitments at the financial year end *(2018: £nil)*.

17. PENSIONS

The Group operates the Telegraph Retirement Savings Plan which is a defined contribution scheme, and which covers the majority of the Group's employees.

18. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption contained in FRS 102 paragraph 33.1(a) not to disclose details of transactions with other wholly owned group companies within the Press Holdings Limited group.

RELATED PARTY TRANSACTIONS

	2019	2018
	£'000	£'000
Included in turnover:		
Shop Direct Home Shopping Limited – rental income	**2,510**	2,553
NLA Media Access Limited	**2,263**	2,687
Ozone Project Limited	**138**	-
Included in cost of sales:		
PA Media Group Limited	**2,028**	1,939

RELATED PARTY BALANCES

	2019	2018
	£'000	£'000
Included in debtors:		
NLA Media Access Limited	**510**	524
Ozone Project Limited	**300**	100
Included in creditors:		
Shop Direct Home Shopping Limited	**282**	638
NLA Media Access Limited	**54**	88

There were no other related party transactions during the year *(2018: nil)*.

19. ULTIMATE CONTROLLING PARTY

The Company's immediate parent company is May Corporation Limited, incorporated in Jersey, which the directors regard as being ultimately controlled by Sir David and Sir Frederick Barclay's Family Settlements.

The results of the Company are not consolidated into any other Company's financial statements that are publicly available.

20. POST BALANCE SHEET EVENTS

In March 2020, following the Covid-19 pandemic, government restrictions were enforced on people's movements. As a result, companies around the world are experiencing deterioration in financial conditions because of the outbreak. As the situation in the UK and around the world has been evolving rapidly, we are focussing on the immediate and practical steps we need to take at an operational level. Due to the volatility of the situation it is difficult to predict the long-term impact on our business and on the industry. At this stage we do not see the need to record specific balance sheet adjustments but will continue to monitor the situation.

As at the date of signing these financial statements, this pandemic is still ongoing, and the United Kingdom is in varying degrees of lockdown measures. The Group continues to control spend and monitor ongoing business trading levels, and Telegraph Media Group has taken steps to mitigate against any long-term adverse impact. There is no significant impact in the short to medium term on going concern as the Group has taken quick action to reduce discretionary spend and is continually supported by the shift of the business towards a digital subscription model.

Since the reporting date, the Group has extended the terms on the Bank Loan to 30 June 2022. There were no other subsequent events.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATIONS

	2019	2018
	£'000	£'000
Operating profit before exceptional items	**9,839**	1,992
Exceptional items	**(6,879)**	(3,685)
	2,960	(1,693)
Add back: Amortisation of titles	**6,203**	6,203
Add back: Other asset Amortisation and Depreciation	**10,565**	8,942
	19,728	13,451
Movement in:		
Debtors	**10,144**	3,342
Creditors	**(2,087)**	2,521
Exceptional Creditors	**(132)**	-
Net cash inflow from operations	**27,653**	19,314