Company registration number: 00004197

PA Media Group Limited

Annual report and financial statements

For the year ended 31 December 2020

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DIRECTORS AND OFFICERS

DIRECTORS

Executive

C P Marshall	Chief Executive
P E Curtis	Managing Director
A J Dowsett	Chief Operating Officer
J R Goode	Chief Financial Officer

Non - Executive

M MacLennan	Chairman
G R P Allinson	Nominations Committee, Audit Committee
R M Brooks	Nominations Committee, Remuneration Committee
S A Carter	Audit Committee
P M Dacre	
D J FitzPatrick	Nominations Committee, Remuneration Committee
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

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS

2020 was a consequential year for PA Media Group ("Group"), with a number of significant events.

In February 2020, the Group completed the acquisition of 100% of the share capital of Alamy Limited ("Alamy"). Alamy has one of the world's most diverse creative and editorial stock imagery collections. The acquisition saw the Group enter the stock imagery market for the first time.

On 23 March 2020, as a consequence of the COVID-19 pandemic, a national lockdown was imposed across the UK, with a number of government restrictions put in place, including all non-essential travel being banned and the closure of non-essential businesses. The Group was primarily impacted by the suspension of live sporting fixtures in the UK and overseas, which resulted in significant disruption across a number of Group businesses.

As the COVID-19 pandemic gathered pace, the Group focussed on the following key priorities:

- 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 through various cost reduction measures.

During this period, the Group responded to the challenges posed to its day-to-day operations. Business continuity plans were implemented, with the Group moving seamlessly to homeworking without any interruptions to services provided to our customers. The editorial team was able to ensure our newswire operated as usual, with our daily news output increasing significantly and heavy utilisation of PA content across print, online and broadcast media. Other Group businesses also identified new opportunities to support customers in changing circumstances, such as StreamAMG's delivery of the 'Virtual Grand National' in April.

The easing of restrictions and the return of sport from June 2020 helped normalise revenue streams across the sports data business and allowed the phased return of staff who had been placed on furlough in several parts of the Group.

Despite the challenges posed by COVID-19, the Group delivered a strong financial performance during 2020. Turnover grew to £90.1m (2019: £73.1m), in part driven by the acquisition of Alamy in the year, and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) grew by 59% to £15.4m (2019: £9.7m).

In June 2020, the Group increased its shareholding in StreamAMG, a video streaming company that provides online, high-definition video solutions to rights-holders and content owners. The additional 13% stake acquired took the Group's total holding to 100%.

July 2020 saw PA Media win the 2020 EANA Award for Excellence in News Agency Quality for its PA Explore platform. Awarded by the European Alliance of News Agencies, the annual prize recognises editorial innovations which address problems facing the news media industry.

Following the retirement of Tony Watson earlier in 2020, Polly Curtis joined the Group as Managing Director of PA Media in October 2020. Polly also has oversight of 'Sticky', a creative and social agency within the Group portfolio, as well as the broader set of services that the Group offers to customers in the Marketing and Communications sectors.

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.

	2020 £m	2019 £m
Group revenue	90.1	73.1
Group operating profit	5.2	3.2
Group EBITDA	15.4	9.7
Profit for the financial year	3.3	32.4
Net assets	72.2	71.7
Cash and cash equivalents	30.9	43.5

Profit before tax was £5.0m (2019: £38.4m, including £34.9m relating to the profit on disposal of the Group's former London HQ building).

BUSINESS OUTLOOK

As the vaccination roll-out accelerates, the Group expects recovery and growth in its core markets during the second half of 2021. The Group continues to review all of its operations and challenge all businesses to capitalise on the opportunities presented in the post COVID-19 environment.

In common with many other companies affected by the COVID-19 pandemic, the Group received government funds under the Coronavirus Job Retention Scheme during 2020. The Group has repaid £1.3m to HMRC, representing the full amount of funding received in relation to the Coronavirus Job Retention Scheme.

The Group's 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 underpinned the Group's acquisition of Alamy, as outlined above and increasing the Group's shareholding in StreamAMG to 100%.

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. In 2020 the three trustees met the Editor-in-Chief twice to 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. 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 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.

The Group is at risk of suffering significant business interruption as a result of a security vulnerability, cyber attack or breach of privacy. Mitigations to these risks include experienced information security and data protection teams, robust policies, systems and procedures as well as mature incident management plans.

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 to remove all liabilities from the Group.

The COVID-19 pandemic represents a risk of disruption of the Group's operations, in particular our sports data business in the event of suspension of live sporting fixtures in the UK. The Group has performed financial modelling, looking at a range of lockdown scenarios, which show that the Group continues to be cash positive as a result of the diversification of the Group's revenue streams and core subscription model. The directors take confidence from the Group's strong cash flow position through 2020 and post year end, and that the Group is able to effectively manage and mitigate these risks over the long term.

To date the Group has not noted any material impact from the United Kingdom leaving the European Union. The directors will continue to monitor this.

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 the Companies Act 2006 and include in Section 172 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 company for the benefit of its stakeholders.

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

- the likely consequences of any decisions in the long term;
- the interest 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 environment;
- the company's reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Group is committed to being a responsible business and ensuring that its business practices have positive impacts on the community and the environment.

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.

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, including through the annual objective setting process, and with customers, suppliers and other stakeholders in the wider community.

The Group is committed to engaging with our employees. Senior executives brief employees verbally on a regular basis, including a twice yearly staff address by the CEO. There are several forums through which employees and management can raise questions and discuss any issues.

Diversity and inclusion are important priorities for the Group and our employees. In 2020 a working group was set up comprising representatives from each part of the business to help develop and implement strategies to strengthen our diversity and inclusion agenda. The working group meets regularly and presents recommendations to the Group's executive team.

In December 2020, the Group launched apprenticeship schemes to encourage greater social and ethnic diversity in its newsrooms. The Group will create roles and offer jobs to the apprenticeships on completion of their training. The initiative builds on a similar scheme launched with ESI Media in 2018 which led to apprentices passing their NCTJ exams and securing staff positions at PA Media and another news organisation.

The Group supports a number of charitable initiatives, often focused in the communities local to the Group's offices or those connected with the Group's activities. In 2020 the Group supported Air Ambulance Services across the UK and the Samvedenaa Children's Home in Mangalore, India. The Group also supports the Journalists' Charity and Action Aid for Children.

On behalf of the Board

C P Marshall
Chief Executive
1 April 2021

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 2020.

Discussion of review of business, key performance indicators, business relationships, 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: 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://pamediagroup.com.

RESULTS AND DIVIDENDS

Net assets at 31 December 2020 were £72.2m (2019: £71.7m). Profit before tax was £5.0m (2019: £38.4m). Profit for the financial year was £3.3m (2019: £32.4m). No dividends were approved or paid (2019: £0.4m, in relation to Stream AMG and paid to its non-controlling shareholders).

FUTURE DEVELOPMENTS

The Group enters 2021 well placed for further growth while maintaining a focus on providing customers with high quality and relevant content. A key objective for 2021 will be to complete the integration of Alamy following its acquisition in February 2020. The Group will continue its strategy of seeking opportunities to invest in areas that 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 E Curtis (appointed 3 December 2020)
- P M Dacre
- A J Dowsett
- D J Fitzpatrick
- J R Goode
- M MacLennan
- C P Marshall
- J J Mullen
- A G Watson (resigned 1 May 2020)

GOING CONCERN

The Covid-19 pandemic represents a significant short-term risk to the Group's operations, in particular our sports data business in the event of suspension of live sporting fixtures in the UK. The Group has performed financial modelling, looking at a range of lockdown scenarios, which show that the Group continues to be cash positive as a result of its diversified businesses and core subscription model. The directors take confidence from the Group's strong cash flow position through 2020 and post year end, that the Group is able to effectively manage and mitigate these risks over the long term.

After reviewing the Group's forecasts and projections for the period to May 2022, 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.

EMPLOYEE ENGAGEMENT

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 highly 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.

The annual report is made available to all employees.

DIRECTORS' INDEMNITIES

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.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of £17,000 (2019: £15,000), principally to local charities servicing the communities in which the Group operates.

FINANCIAL RISK MANAGEMENT

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 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.

STREAMLINED ENERGY AND CARBON REPORTING

Whilst the Group's environmental impact is relatively low, the Group is committed to do more to minimise the impact of our operations and support our customers, suppliers and partners to reduce our carbon footprint.

The table below includes the Group's mandatory reporting of greenhouse gas emissions based on the new energy and carbon reporting framework. This is based on the Group's greenhouse gas emissions for the year 1 January to 31 December 2020.

Greenhouse gas emissions data	Tonnes CO2e
Scope 1: Emissions from combustion of fuel for transport purposes	235
Scope 2: Emissions from purchased electricity	181
Scope 3: Emissions from business travel	31
Total gross CO2e	447
Intensity Ratio: Tonnes CO2e emissions divided by total £1m revenue	5
Energy consumption (kWh)	776,536

A significant portion of the Group's emissions derive from fuel use by company cars and other business travel. Throughout 2020, and in particular following the cessation of non-essential travel from March, the Group has utilised online meeting and collaboration technologies to seamlessly delivery exceptional service to our clients without the need for travel where possible.

The methodology used to calculate the Group's emissions is based on the 'Environmental Guidelines: including mandatory greenhouse gas emissions reporting guidance' (March 2019) issued by the Department for Business, Energy and Industrial Strategy. As 2020 is the Group's first year of energy and carbon reporting, comparative figures have not been shown.

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.

On behalf of the Board

C P Marshall
Chief Executive
1 April 2021

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 2020, which comprise the Group statement of comprehensive income, the Group statement of financial position, the company statement of financial position, the Group statement of cash flows, the Group statement of changes in equity, the 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 2020 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

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.

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

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation related to reporting frameworks (FRS102 and Companies Act 2006), distributable profits legislation, tax legislation, anti-bribery and corruption legislation, health and safety, data protection, and employment law.
  We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes, and correspondence received from regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility to fraud.
  Audit procedures performed by the engagement team included:
  - evaluation of the controls established to address the risks related to irregularities and fraud;
  - testing manual journal entries, in particular journal entries relating to the year end consolidation and entries determined to be large or relating to unusual transactions based on our understanding of the business;
  - identifying and testing related party transactions;
  - completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;
  - understanding of the legal and regulatory requirements (FRS102 and Companies Act 2006 and the relevant tax compliance regulations) specific to the entity including:
    - the provisions of the applicable legislation;
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
    - the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

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.

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
1 April 2021

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2020 £000	2019 £000
Turnover	1	90,076	73,062
Other operating income		12	329
		90,088	73,391
Staff costs	2	(43,366)	(40,009)
Depreciation and other amounts written off tangible and intangible fixed assets		(10,205)	(6,500)
Other operating expenses		(31,312)	(23,725)
Total operating profit before amortisation and other exceptional items		14,481	8,699
Amortisation of goodwill and other intangibles	8	(7,825)	(4,278)
Other exceptional items	4	(1,451)	(1,264)
Operating profit		5,205	3,157
Profit on disposal of freehold property	9	-	34,934
Other interest receivable and similar income	5	97	327
Interest payable and similar expenses	5	(271)	(15)
Profit on ordinary activities before tax	6	5,031	38,403
Tax on profit on ordinary activities	7	(1,704)	(5,956)
Profit on ordinary activities after tax		3,327	32,447
Other comprehensive income			
Currency translation differences		(94)	23
Actuarial gain/(loss) on defined benefit pension scheme assets	20	1,030	(60,730)
Movement on deferred tax relating to defined benefit pension scheme assets	14	(215)	10,667
Total comprehensive income/(expense) for the year		4,048	(17,593)

	2020 £000	2019 £000
Profit for the year attributable to:		
Owners of the parent company	3,140	32,071
Non-controlling interests	187	376
Profit for the year	3,327	32,447
Total comprehensive income/(expense) for the year attributable to:		
Owners of the parent company	3,861	(17,969)
Non-controlling interests	187	376
Total comprehensive income/(expense) for the year	4,048	(17,593)

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

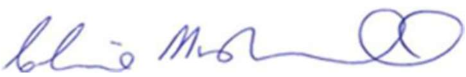
GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December

Company registration number: 00004197

	Notes	2020 £000	2019 £000
Fixed assets			
Intangible assets	8	53,815	11,521
Tangible assets	9	7,747	9,078
Investments	10	4,185	4,712
		65,747	25,311
Current assets			
Debtors	11	19,358	25,866
Stock	13	155	205
Cash at bank and in hand	19	30,947	43,473
		50,460	69,544
Creditors: amounts falling due within one year	12	(39,730)	(21,439)
Net current assets		10,730	48,105
Total assets less current liabilities		76,477	73,416
Creditors: amounts falling due in more than one year	12	(4,489)	-
Provisions for liabilities	15	(1,933)	(2,499)
Net assets excluding pension asset		70,055	70,917
Defined benefit pension scheme asset	20	2,119	770
Net assets including pension asset		72,174	71,687
Capital and reserves			
Called up share capital	16	7,965	7,965
Translation reserve	16	(94)	-
Profit and loss account	16	64,092	63,174
Equity attributable to owners of the parent company		71,963	71,139
Non-controlling interests	18	211	548
		72,174	71,687

These financial statements on pages 8 to 29 were approved by the Board on 1 April 2021 and signed on their behalf by:



C P Marshall
Chief Executive

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December

Company registration number: 00004197

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	9	2,816	3,011
Investments	10	40,693	40,680
		43,509	43,691
Current assets			
Debtors	11	21,272	2,421
Cash at bank and in hand		21	24,688
		21,293	27,109
Creditors: amounts falling due within one year	12	(1,041)	(1,899)
Net current assets/(liabilities)		20,252	25,210
Total assets less current liabilities		63,761	68,901
Provisions for liabilities	15	(1,491)	(2,046)
Net assets		62,270	66,855
Capital and reserves			
Called up share capital	16	7,965	7,965
Profit and loss account	16	54,305	58,890
		62,270	66,855

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 loss for the year was £4.6m (2019: profit of £27.8m).

These financial statements on pages 8 to 29 were approved by the Board on 1 April 2021 and signed on their behalf by

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	2020 £000	2019 £000
Cash inflow from operating activities			
Operating profit		5,205	3,157
Adjustments for:			
Amortisation of goodwill and intangibles	8	7,825	4,278
Impairment charge	4	539	-
Depreciation charge	9	2,380	2,233
Loss on disposal of fixed assets	6	4	20
Foreign exchange differences	6	(204)	126
(Decrease)/increase in provisions		(633)	1,020
Difference between pension charge and cash contributions		(533)	(39,455)
Decrease/(increase) in debtors		2,640	(1,608)
Decrease in stock		51	149
Increase in creditors		5,471	1,114
Cash generated from operations		22,745	(28,966)
Income taxes paid		(2,217)	(1,251)
Net cash flow generated from operating activities		20,528	(30,217)
Cash flows from investing activities			
Payments to acquire tangible fixed assets	9	(529)	(3,726)
Receipts from sale of building	9	-	42,795
Receipts from sale of other tangible fixed assets		81	-
Payments to acquire other intangible assets		-	(13)
Purchase of subsidiaries		(33,845)	-
Purchase of non-controlling interests	18	(3,575)	(2,797)
Cash acquired with subsidiaries	18	4,846	-
Interest received		97	252
Net cash flow used in investing activities		(32,925)	36,511
Cash flows from financing activities			
Interest paid		(12)	(15)
Repayment of obligations under finance leases	19	(240)	(105)
Dividends paid to non-controlling interests		-	(428)
Net cash flow used in financing activities		(252)	(548)
Net decrease in cash and cash equivalents		(12,649)	5,746
Cash and cash equivalents at the beginning of the year		43,473	37,830
Effect of foreign exchange rate changes		123	(103)
Cash and cash equivalents at the end of the year		30,947	43,473

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	Translation Reserve £000	Profit and Loss Account £000	Non-controlling Interests £000	Total £000
At 1 January 2019	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 liabilities	-		(60,730)	-	(60,730)
Movement in deferred tax on defined benefit pension scheme liabilities	-	-	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
Profit for the year	-	-	3,140	187	3,327
Other comprehensive income:					
Currency translation differences	-	(94)	14	-	(80)
Actuarial gain recognised on defined benefit pension scheme assets	-	-	1,030	-	1,030
Movement in deferred tax on defined benefit pension scheme assets	-	-	(215)	-	(215)
Transactions with owners:					
Revaluation of non-controlling interest (note 18)	-	-	(3,051)	(524)	(3,575)
At 31 December 2020	7,965	(94)	64,092	211	72,174

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 2019	7,965	31,090	39,055
Profit for the year	-	27,800	27,800
At 31 December 2019	7,965	58,890	66,855
Loss for the year	-	(4,585)	(4,585)
At 31 December 2020	7,965	54,305	62,270

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 and Omrind Limited, dormant companies 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.

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:

Valuation of goodwill, intangibles and investments

The Group regularly reviews goodwill, intangibles 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 31 December 2020 was £26.8m (2019: £11.5m). The carrying amount of intangibles at 31 December 2020 was £27.0m (2019: £Nil). The carrying amount of investments (excluding monies held in escrow) was £0.1m (2019: £0.7m) after impairment charges of £0.5m which have been recognised in the year.

Valuation of 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 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. Other key assumptions include inflation rates, expected salary increases and mortality. At 31 December 2020, the Group's gross defined benefit pension scheme asset was £2.1m (2019: £0.8m).

Classification of funds held by payment platforms

The Group utilises Electronic Money Institutions (EMIs) to facilitate payments with clients. The EMIs providing the service are regulated by the Financial Conduct Authority (FCA) and monies held by the EMIs is protected under the FCA's safeguarding regulations. The assessment of whether the monies held by the EMIs should be classified as cash or a receivable is an area of judgement and dependent on the specific terms and conditions of the EMI agreement.

Management have assessed the characteristics of electronic money ("e-money") and the terms and conditions for accessing the e-money held by the EMIs and concluded that e-money is a cash equivalent. As more information becomes available about e-money and EMIs, management may reassess their position. The risk to the financial statements of misclassifying the e-money held by the EMIs as a cash equivalent would be a decrease to the cash and an increase to debtor balances. There would be no impact to net current assets, net assets or the income statement.

GOING CONCERN

The Covid-19 pandemic represents a significant short-term risk to the Group's operations, in particular our sports data business in the event of suspension of live sporting fixtures in the UK. The Group has performed financial modelling, looking at a range of lockdown scenarios, which show that the Group continues to be cash positive as a result of its diversified businesses and core subscription model. The directors take confidence from the Group's strong cash flow position through 2020 and post year end, that the Group is able to effectively manage and mitigate these risks over the long term.

After reviewing the Group's forecasts and projections for the period to May 2022, 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.

ACCOUNTING POLICIES

for the year ended 31 December

BUSINESS COMBINATIONS

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets give, liabilities incurred or assumed in exchange for control of the acquiree plus costs directly attributable to the business combination.

GOODWILL AND INTANGIBLES

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.

Intangible assets acquired as part of a business combination, including software costs and brand names, are measured at fair value at the acquisition date. Separately acquired patents and trademarks are included at cost.

These values are amortised on a straight line basis over its useful economic life which is judged to be:

• Brands	20 years
• Software	5 years
• Trademarks	registration period

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
• Motor vehicles	25%
• 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 2020 was £54,000. 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 2020 was £167,000. This has not been recognised in the Group financial statements as it is not considered material to the financial statements and the investment carrying value is £Nil.

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

ACCOUNTING POLICIES

for the year ended 31 December

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.

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances including cash pool assets, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

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.

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 businesses including Sticky, Globelynx, PA Media Assignments, PA Media Training, Images, Alamy 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 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.

Alamy

Turnover generated from the sale of images is recognised in line with the terms of sale.

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.

ACCOUNTING POLICIES

for the year ended 31 December

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 outside the regular, ordinary activities of the Group and are presented separately due to their size or incidence.

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.

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.

PENSIONS

The Group operates a defined benefit pension scheme which is closed to future accrual, under which contributions are paid by Group companies 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.

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

	2020 £000	2019 £000
GEOGRAPHICAL ANALYSIS		
UK and Ireland	63,574	62,232
Rest of Europe	10,626	4,654
Rest of World	15,876	6,176
Total	90,076	73,062

	2020 £000	2019 £000
MARKET ANALYSIS		
Rendering of services	67,914	72,010
Sale of goods	20,883	-
Commission income	1,279	1,052
Total	90,076	73,062

The Group has received government grants income of £1.3m under the Coronavirus Job Retention Scheme. The Group repaid this funding in March 2021 and a provision has been included in these financial statements as such nil net government grants income is presented within other income.

2 STAFF COSTS AND EMPLOYEE INFORMATION

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Wages and salaries	38,318	35,355	2,130	2,429
Social security costs	3,691	3,518	300	342
Pension costs (note 20)	1,357	1,135	81	88
	43,366	40,009	2,511	2,859

	Group 2020 Number	Group 2019 Number	Company 2020 Number	Company 2019 Number
Average monthly number of directors and staff employed during the year were:				
Operations	712	660	-	-
Sales	87	65	-	-
Administration	212	154	-	-
Central management	5	5	5	5
	1,016	884	5	5

3 DIRECTORS' EMOLUMENTS

	2020 £000	2019 £000
Group emoluments of the Company's directors:		
Aggregate emoluments all relating to continuing activities	1,358	1,534
Aggregate amounts receivable under long-term incentive schemes	587	781
Defined contribution pension payments	14	14
Sums paid to third parties for directors' services	130	126
	2,089	2,455

Amounts in respect of the highest paid director:		
Aggregate emoluments all relating to continuing activities	651	645
Amounts receivable under long-term incentive schemes	289	378
	940	1,023

Retirement benefits were accruing to two directors (2019: two) under defined contribution schemes. Four directors were members of long-term incentive plans (2019: 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

	2020 £000	2019 £000
Aborted acquisition costs	152	-
Impairment of investments	539	-
Income from sale of IP licenses	(222)	-
Pension fund transfer exercise and buy-out costs	327	490
Property related costs	488	100
Restructuring costs	154	179
Other legal costs	13	495
Total exceptional items	1,451	1,264

During the year the directors took the decision to impair the carrying value of the Group's investments in Baize Group Limited and Wochit Inc, resulting in an impairment charge of £0.5m.

Property related costs of £0.5m relate to further costs incurred in the current year on the sale of the Group's former London head office, which was disposed in 2019.

Other legal costs primarily comprise one-off charges relating to non-recurring litigation settlements and claims.

5 INTEREST AND SIMILAR ITEMS

	2020 £000	2019 £000
Interest receivable on bank deposits	97	327
Total finance income	97	327
Unwinding of discounted deferred consideration	(246)	-
Finance lease interest	(25)	(15)
Total finance costs	(271)	(15)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2020 £000	2019 £000
Operating profit is stated after charging/(crediting):		
Operating lease rentals – land and buildings	1,841	1,886
– plant and machinery	116	156
Exchange (gains)/losses	(204)	103
Amortisation of goodwill (note 8)	6,108	4,276
Amortisation of other intangibles (note 8)	1,717	2
Depreciation of tangible fixed assets (note 9)	2,380	2,233
Gain on disposal of property	-	(34,934)
Loss on disposal of other fixed assets	4	22
Expenditure on research and development activities	1,709	1,857
Property income	(12)	(329)

PAYMENTS TO AUDITORS

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	36	14
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries	102	75

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020 £000	2019 £000
Current tax:		
UK corporation tax at 19.00% (2019: 19.00%)	(789)	2,270
Overseas tax	639	442
Adjustments in respect of prior periods	(73)	(4,255)
Total current tax	(223)	(1,543)
Deferred tax:		
Origination & reversal of timing differences	2,749	3,195
Effect of tax rate change on opening balance	(820)	-
Adjustments in respect of prior periods	(2)	4,304
Total deferred tax	1,927	7,499
Tax charge on profit on ordinary activities	1,704	5,956

The tax for the year is higher (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2020 £000	2019 £000
Profit on ordinary activities before tax	5,031	38,403
At standard rate of corporation tax of 19.00% (2019: 19.00%)	956	7,297
Effects of:		
Expenses not tax deductible	1,406	747
Income not taxable for tax purposes	(57)	(59)
Difference in foreign tax rates	284	208
Adjustments in respect of prior periods	(54)	49
Depreciation on ineligible fixed assets	-	(2,290)
Effects of rates on changes on deferred tax	(831)	-
Deferred tax not recognised	-	4
	1,704	5,956

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of corporation tax was 19.00% through 2020. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 19.00% (2019: 19.00%). The deferred tax assets and liabilities reflect these rates.

8 INTANGIBLE FIXED ASSETS

	Goodwill £000	Brands £000	Software £000	Trademarks £000	Total £000
GROUP					
Cost:					
At 1 January 2020	42,431	-	-	24	42,455
Additions arising on acquisition	21,437	25,762	2,920	-	50,119
At 31 December 2020	63,868	25,762	2,920	24	92,574
Accumulated amortisation:					
At 1 January 2020	30,925	-	-	9	30,934
Charge for the year	6,108	1,181	535	1	7,825
At 31 December 2020	37,033	1,181	535	10	38,759
Net book amount:					
At 31 December 2020	26,835	24,581	2,385	14	53,815
At 31 December 2019	11,506	-	-	15	11,521

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

See note 18 for discussion of acquisitions in the year and the allocation of goodwill and intangible assets.

The Alamy brand name, which was purchased in 2020, is considered material to the Group. The carrying value as at 31 December 2020 was £24.6m and the brand has an estimated remaining useful life of 19 years.

9 TANGIBLE FIXED ASSETS

	Freehold property £000	Leasehold improvements £000	Motor vehicles £000	Computers and other office equipment £000	Total £000
GROUP					
Cost:					
At 1 January 2020	5,530	-	-	30,383	35,913
Foreign currency translation	-	(2)	-	(58)	(60)
Acquisition of subsidiaries	-	127	232	3,666	4,025
Additions at cost	-	-	-	834	834
Eliminated on disposal	-	-	(140)	(1,205)	(1,345)
At 31 December 2020	5,530	125	92	33,620	39,367
Accumulated depreciation:					
At 1 January 2020	2,644	-	-	24,191	26,835
Foreign currency translation	-	(2)	-	(52)	(54)
Acquisition of subsidiaries	-	123	129	3,472	3,724
Charge for the year	151	3	22	2,204	2,380
Eliminated on disposal	-	-	(111)	(1,154)	(1,265)
At 31 December 2020	2,795	124	40	28,661	31,620
Net book amount:					
At 31 December 2020	2,735	1	52	4,959	7,747
At 31 December 2019	2,886	-	-	6,192	9,078

Computers and other office equipment with a carrying value of £381,000 (2019: £237,000) are held under finance leases.

9 TANGIBLE FIXED ASSETS (CONTINUED)

	Freehold property £000	Computers and other office equipment £000	Total £000
COMPANY			
Cost:			
At 1 January 2020	5,530	210	5,740
Additions at cost	-	7	7
At 31 December 2020	5,530	217	5,747
Accumulated depreciation:			
At 1 January 2020	2,644	85	2,729
Charge for the year	151	51	202
At 31 December 2020	2,795	136	2,931
Net book amount:			
At 31 December 2020	2,735	81	2,816
At 31 December 2019	2,886	125	3,011

In 2019 the Parent Company granted a first legal charge in favour Press Association Pension Fund (1992) over its freehold interest in property at Bridgegate, Howden.

10 FIXED ASSET INVESTMENTS

	Group £000	Company £000
Cost:		
At 1 January 2020	5,262	79,801
Additions	12	13
At 31 December 2020	5,274	79,814
Impairment:		
At 1 January 2020	550	39,121
Charge for the year	539	-
At 31 December 2020	1,089	39,121
Net book amount:		
At 31 December 2020	4,185	40,693
At 31 December 2019	4,712	40,680

	Group £000	Company £000
Total fixed asset investments comprise:		
Interest in subsidiaries	-	36,622
Other fixed asset investments	4,185	4,071
At 31 December 2020	4,185	40,693

Other fixed asset investments include £4.1m (2019: £4.1m) cash held in Escrow to meet potential future defined benefit pension liabilities.

During the year, the directors took the decision to impair the Group’s investments in Baize Group Limited and Wochit Inc, resulting in an impairment charge of £0.5m which has been presented within exceptional items. The directors believe that the carrying values of all other investments are supported by their underlying net assets or discounted future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

10 FIXED ASSET INVESTMENTS (CONTINUED)

The subsidiary undertakings of the Group are as follows:

COMPANY	ACTIVITY	PROPORTION OF ORDINARY SHARES HELD: DIRECT	INDIRECT	ADDRESS
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	-	100%	(a)
Stream Malta Limited	Online video solutions	-	100%	(d)
Stream Benelux B.V.	Online video solutions	-	100%	(e)
Stream España Sucursal en España	Online video solutions	-	100%	(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)
Alamy Limited	Images distribution	-	100%	(a)
Alamy Images India Private Limited	Images distribution	-	100%	(h)
Alamy Inc	Images distribution	-	100%	(i)
Alamy Australia Pty Limited	Images distribution	-	100%	(j)
Omrind Limited	Dormant	-	100%	(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
- Omrind Limited

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%	(k)
Blackball Media Limited	Motoring editorial, events and PR services	25%	(k)
On-Cue Communications Limited	Motoring editorial, events and PR services	25%	(l)
RADAR AI Limited	Automated news services	50%	(m)

(a) The Point 37 North Wharf Road, Paddington, London, England, W2 1AF.
(b) One Central Quay, Glasgow, G3 7EE.
(c) 39/40 Upper Mount Street, Dublin 2, Co. Dublin, DO2 PR89, Republic of Ireland.
(d) 1st Floor, Schemson House, Valley Road, Birkirkara, BKR 9021, Malta.
(e) Quirinegang 183, 2719 CH Zoetemeer, The Netherlands.
(f) Paseo de la Castellana 135, 7th Planta, 28046, Madrid, Spain.
(g) PWC Level 17, One International Towers, Watermans Quay, Barangaroo, NSW 2000, Australia.
(h) C-16, Gayatri Building, Technopark Campus, Thiruvanthapuram, Kerala, India.
(i) 20 Jay Street, Suit 848, Brooklyn, New York, USA.
(j) Level 6, 200 Adelaide Street, Brisbane, QLD 4000, Australia.
(k) 23 Haslar Marine Technology Park, Haslar Road, Gosport, Hampshire, PO12 2AG.
(l) Wood, Hicks & Co. Units 1-2 Warrior Court, 9-11 Mumby Road, Gosport, Hampshire, PO12 1BS.
(m) 3rd Floor 37 North Wharf Road, London, England, W2 1AF.

11 DEBTORS

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade debtors	13,865	13,072	-	-
Amount owed by subsidiary undertakings	-	-	20,965	1,261
Other debtors	1,546	1,405	-	69
Prepayments and accrued income	3,490	4,004	154	866
Corporation tax	457	-	-	-
Deferred tax asset (note 14)	-	7,385	153	225
	19,358	25,866	21,272	2,421

During the year, an impairment loss of £0.1m (2019: £0.1m) was recognised in respect of trade debtors known to be in financial difficulty and from whom payment was overdue. Debtor provisions of £0.2m (2019: £0.2m) were held at 31 December 2020.

Amounts owed to subsidiary undertakings are unsecured, interest free and have no fixed repayment date.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Trade creditors	5,731	2,036	-	-
Other taxation and social security	5,350	2,653	-	60
Corporation tax	-	1,882	76	122
Deferred tax liability (note 14)	143	-	30	-
Other creditors	288	203	-	2
Accruals and deferred income	18,655	14,346	935	1,715
Deferred consideration	9,155	-	-	-
Finance lease (note 17)	408	319	-	-
	39,730	21,439	1,041	1,899

Deferred consideration due in more than one year reflects the present value of amounts payable in respect of the Alamy acquisition payable in February 2021.

Amounts owed to subsidiary undertakings are unsecured, interest free and have no fixed repayment date.

CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Deferred consideration	4,489	-	-	-

Deferred consideration due in more than one year reflects the present value of amounts payable in respect of the Alamy acquisition payable in February 2022.

13 STOCK

	Group 2020 £000	Group 2019 £000
Finished goods	155	205

During the year, inventory cost of £Nil (2019: £0.2m) was recognised within the statement of comprehensive income. Stock provisions of £0.1m (2019: £Nil) were held at 31 December 2020.

14 DEFERRED TAX (LIABILITY)/ASSET

	Group £000	Company £000
At 1 January 2020	7,385	225
Arising on acquisition	(5,386)	-
Transfer from profit and loss account	(1,927)	(72)
Pension scheme asset movements	(215)	-
At 31 December 2020	(143)	153

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

14 DEFERRED TAX (LIABILITY)/ASSET (CONTINUED)

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
The deferred tax (liability)/asset comprises:				
Fixed asset timing differences	(4,421)	793	(136)	(122)
Other timing differences	4,278	6,592	289	347
	(143)	7,385	153	225

The amount of the net reversal of deferred tax expected to occur in the next 12 months in respect of fixed asset timing differences is £0.4m. 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 £2.2m 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 (2019: £2.1m).

15 PROVISIONS FOR LIABILITIES

	Contingent consideration £000	Legal costs £000	Management incentive plans £000	Leasehold dilapidations £000	Total £000
GROUP					
At 1 January 2020	-	175	2,046	278	2,499
Utilised in the year	-	(116)	(1,226)	(79)	(1,421)
Charged to profit and loss account	67	66	671	51	855
At 31 December 2020	67	125	1,491	250	1,933
COMPANY					
At 1 January 2020	-	-	2,046	-	2,046
Utilised in the year	-	-	(1,226)	-	(1,226)
Charged to profit and loss account	-	-	671	-	671
At 31 December 2020	-	-	1,491	-	1,491

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. 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. Contingent consideration was in relation to completion adjustments on the acquisition of Alamy in the year and was expected to be paid within 3 years, see note 18.

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. A payment relating to this scheme was made in 2020 with a further payment to be made in 2021. The provision at the 31 December in respect of this arrangement was £0.8m (2019: £2.0m). A new long-term incentive plan was set up in 2020 in relation to the cumulative performance over the period 1 January 2020 to 31 December 2022. Payments relating to this scheme are expected to be paid in 2023 and 2024. The provision at 31 December in respect of this arrangement was £0.7m (2019: £Nil).

16 SHARE CAPITAL & RESERVES

	2020 £000	2019 £000
7,965,000 (2019: 7,965,000) ordinary shares of £1 each allotted and fully paid	7,965	7,965

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

Translation reserve: Exchange differences arising on translation of overseas entities are recognised in other comprehensive income, and accumulated in a separate reserve within equity.

Profit and loss account: Cumulative profit and loss net of distributions to owners.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December

17 FINANCIAL COMMITMENTS

OPERATING LEASE COMMITMENTS

			Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £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	1,317	1,190	1,075	1,075
	-	plant and machinery	235	121	-	-
Between one and five years	-	land and buildings	4,645	4,423	4,123	4,280
	-	plant and machinery	432	128	-	-
More than five years	-	land and buildings	7,342	8,260	7,342	8,260
			13,971	14,122	12,540	13,615

FINANCE LEASE AND HIRE PURCHASE CONTRACTS

	Group 2020 £000	Group 2019 £000
The total future minimum lease payments payable:		
Less than one year	188	114
Between one and five years	220	205
	408	319

Obligations under finance leases are secured by the related assets and bear finance charges at a rate of 9.56% per annum (2019: 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.

18 ACQUISITIONS

On 6 February 2020, the Group acquired 100% of the issued share capital of Alamy Limited ('Alamy') and its subsidiaries for total consideration of £47.3m (comprising cash consideration of £32.5m, contingent consideration of £0.1m, deferred consideration of £13.6m and acquisition costs of £1.2m). Alamy is a company incorporated in England and is a leading international supplier of stock imagery. At the acquisition date, the assets and liabilities of Alamy were consolidated at their fair values to the Group, as set out below.

	Book value £000	Adjustments £000	Fair value £000
Intangible assets	-	28,682	28,682
Tangible assets	301	-	301
Trade debtors	2,198	-	2,198
Prepayments and other debtors	863	-	863
Cash and cash equivalents	4,846	-	4,846
Total assets	8,208	28,682	36,890
Trade creditors	(3,674)	-	(3,674)
Taxation	(252)	(5,450)	(5,702)
Other creditors	(178)	-	(178)
Accruals and deferred income	(1,460)	-	(1,460)
Total liabilities	(5,564)	(5,450)	(11,014)
Net assets			25,876
Goodwill			21,437
Total consideration			47,313

Brand names and internally developed software acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. Accordingly adjustments have been recognised in respect of brand names (£25.8m) and internally generated software (£2.9m), along with the deferred tax arising on the acquired intangible assets (£5.5m).

18 ACQUISITIONS (CONTINUED)

Post-acquisition revenue and operating and profit for the financial year ended 31 December 2020 include revenue of £20.9m and profit for the financial year of £3.2m relating to Alamy.

On 22 June the Group also exercised its option to acquire the final 13% of the issued share capital of Stream UK Media Services Limited for total consideration of £3.6m, taking the Group's total interest in the company to 100%.

NON-CONTROLLING INTERESTS

	Group	
	2020 £000	2019 £000
At 1 January	548	805
Profit for the financial year	187	376
Dividends paid	-	(428)
Revaluation of non-controlling interest	(524)	(205)
At 31 December	211	548

19 NET DEBT RECONCILIATION

	1 January 2020 £000	Cash flow £000	Cash from acquisitions £000	New finance leases £000	Exchange movement £000	31 December 2020 £000
Cash at bank and in hand	43,473	(17,495)	4,846	-	123	30,947
Finance leases	(319)	240	-	(329)	-	(408)
Net debt	43,154	(17,255)	4,846	(329)	123	30,539

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 multiple defined contribution schemes. Total employer contributions to defined contribution schemes for the year were £1.4m (2019: £1.1m). 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 £49,000 were due to these schemes but unpaid (2019: £64,000).

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 2020 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. Contributions of £19,000 were made during 2020. No Company contributions are expected to be paid in 2021.

With effect from 31 March 2020, the salary link for employed members of the Plan was broken. These members' benefits will now revalue in line with deferred revaluation.

Assumptions regarding future mortality experience are set based on standard UK mortality tables and are set out on the following page. At 31 December 2020, members have been assumed to commute 20% of pension for cash subject to HMRC limits at retirement based on current commutation factors. As in previous years, an allowance is made for 10% p/a of the deferred population currently employed by the Company to leave Company employment. Note this allowance ceased when the salary link was broken when the scheme closed on 31 March 2020. The remaining demographic assumptions at 31 December 2020 are the same as those used for the full triennial valuation at 31 December 2017.

20 PENSIONS (CONTINUED)

The main assumptions used were:	31 December 2020	31 December 2019
Discount rate	1.40%	2.00%
Price inflation (RPI)	3.00%	3.00%
Price inflation (CPI)	2.40%	2.00%
Rate of increase in (LPI5) pensions		
RPI inflation capped at 5% max	2.90%	2.90%
CPI inflation capped at 3% max	2.10%	1.80%
Life expectancy current males aged 63 in accounting year	24.4 years	24.3 years
Life expectancy current female aged 63 in accounting year	26.6 years	26.5 years
Life expectancy future male pensioners aged 63 in 20 years	26.2 years	26.1 years
Life expectancy future female pensioners aged 63 in 20 years	28.4 years	28.1 years

Asset distribution and expected return:	31 December 2020		31 December 2019	
	Proportion of total assets %	Fair value £ million	Proportion of total assets %	Fair value £ million
Fixed interest gilts	0.2%	0.4	0.2%	0.4
Index linked gilts	0.6%	1.6	0.6%	1.4
Insured annuities – historic L&G policy	20.9%	51.0	23.6%	50.9
Insured annuities – 2020 Aviva policy	78.0%	190.4	74.8%	161.6
Other	0.3%	0.7	0.8%	1.3
Total		244.1		215.6
Present value of Scheme liabilities		(242.0)		(214.8)
Surplus in the Scheme		2.1		0.8

Over the year to 31 December 2020, contributions by the Group of £19,000 (2019: £49.0m) were made to the Scheme. This included additional contributions of £Nil (2019: £49.0m). At 31 December 2020 £4.1m (2019: £4.1m) is in place in an Escrow account for the potential future payment into the Scheme.

In 2019, the Parent Company granted a first legal charge in favour 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:	2020 £ million	2019 £ million
1 January	214.8	198.8
Past service cost – plan amendment	0.1	-
Past service cost - curtailment	(1.5)	
Interest cost	4.2	5.6
Actuarial gain on liabilities	32.2	23.4
Benefits paid	(7.8)	(13.0)
31 December	242.0	214.8

Changes in the fair value of Scheme assets are as follows:	2020 £ million	2019 £ million
1 January	215.6	211.5
Interest income	4.2	6.2
Actuarial (loss)/gain on assets	33.2	(36.9)
Contributions by the employer	-	49.0
Administration expenses	(1.1)	(1.2)
Benefits paid	(7.8)	(13.0)
31 December	244.1	215.6

The actual return on Scheme assets over the year, allowing for cashflows in and out of the Fund was a return of £37.4m (2019: loss of £30.7m).

20 PENSIONS (CONTINUED)

The amounts recognised within the profit and loss account are as follows:	2020 £ million	2019 £ million
Administration expenses	1.1	1.2
Past service cost	(1.4)	-
Net interest on surplus	-	(1.0)
Total (income)/expense included in the profit and loss account	(0.3)	0.2

OCI (credits)/charges for the year are as follows:	2020 £ million	2019 £ million
Return on Scheme assets excluding interest income	33.2	(36.9)
Experience gains on liabilities	-	6.2
Changes in assumption (losses)/gains	(32.2)	(30.0)
Actuarial (loss)/gain before tax	1.0	(60.7)

Reconciliation of amounts in balance sheet over year:	2020 £ million	2019 £ million
Surplus in Fund at 1 January	0.8	12.7
Credit/(charge) to profit & loss account	0.3	(0.2)
Employer contributions	-	49.0
OCI credit/(charge)	1.0	(60.7)
Surplus in Fund at 31 December	2.1	0.8

21 FINANCIAL INSTRUMENTS

The Group has the following financial instruments.

Financial assets measured at amortised cost:	2020 £000	2019 £000
Trade debtors	13,865	13,072
Accrued income and other debtors	5,037	5,309
At 31 December	18,902	18,381

Financial liabilities measured at amortised cost:	2020 £000	2019 £000
Finance leases	408	319
Trade creditors	5,731	2,036
Accruals	10,533	6,219
Deferred consideration	13,644	-
Other creditors	288	203
At 31 December	30,604	8,777

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 2020 no amounts were owed by the scheme to the Group in relation to expenses paid on the Scheme's behalf (2019: £Nil).