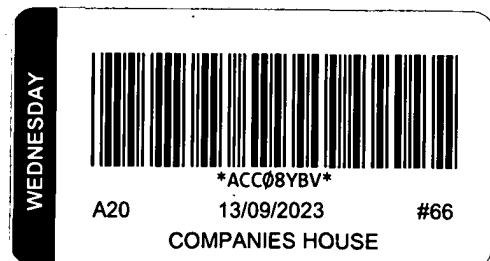


PA Media Group Limited

Annual report and financial statements

For the year ended 31 December 2022



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DIRECTORS AND OFFICERS

DIRECTORS

Executive
C P Marshall
A J Dowsett
J R Goode
E J A Shelley

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

Secretary
L Irwin

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

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

Solicitors
Taylor Wessing LLP
DX 41 London
5 New Street Square
London
EC4A 3TW

Bankers
Lloyds Banking Group plc
25 Gresham Street
London
EC4A 3TW

Chief Executive
Chief Operating Officer
Chief Financial Officer
Managing Director - Alamy

Chairman, Nominations Committee
Nominations Committee, Audit Committee
Nominations Committee, Remuneration Committee
Nominations Committee, Audit Committee
Nominations Committee
Nominations Committee, Remuneration Committee
Nominations Committee

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

2022 saw another year of progress for PA Media Group Limited ("Group"). The Group delivered 7% revenue growth to exceed £100m of turnover, with revenues of £105.7m (2021: £99.1m). EBITDA was £15.0m (2021: £15.1m) and profit before tax of £5.5m (2021: £5.2m).

During the year, the Group continued to make significant investments across a number of business units, in line with its strategy of driving growth and diversification of revenues.

In January, Emily Shelley joined the PA Media Group board. Emily is the Managing Director of Alamy, having previously held other roles within the Group, including being Managing Director of Sticky.

The start of the year also saw Group subsidiary StreamAMG commence delivery of live events on ATP's Tennis TV, starting with the ATP Cup in Melbourne, Australia.

In February, the final cash consideration of £4.6m was paid in respect to the Alamy acquisition.

Alamy Create was introduced in June, specifically targeted at users of stock photography and video in creative industries. The revamped search offering followed significant growth in 2021 for Alamy across TV & film, and advertising & design clients. Alamy's Create collections offer unrivalled inspiration for a customer base which includes Netflix, Ogilvy and Red Bull and draws from more than 100,000 content creators globally.

PA Training launched a new partnership with the Google News Initiative in June 2022 to strengthen digital journalism and leadership skills. The 'Become a Journalist' summer school ran from July 2022, providing aspiring journalists from under-represented backgrounds an entry point into journalism. This was followed by a 'Festival of Journalism' between October and December 2022, touring six UK cities to showcase training workshops, panel discussions and seminars for established journalists.

In July, PA Betting Services extended its partnership with bet365 to bring more betting opportunities to its ever-growing customer base. For over 20 years, PA Betting Services has powered bet365's platform with horseracing, football, and sports content. It has now extended its coverage, providing additional international football data from Scandinavia, South America, and Eastern Europe through the PA Betting Services Football Data API.

July also saw PA Media expand its partnership with Amazon to enhance the news data ingest from PA's 'Create' editorial platform to Amazon's Alexa devices, ensuring their users have all the latest breaking news from PA news agency journalists in real time. By ingesting news content and data provided by PA Media news feeds, the Amazon Alexa device now has an expanded knowledge base from which its artificial intelligence capability can trawl, to inform users who ask it questions about everyday news.

2022 was a very significant year in term of our news coverage and reporting in the UK. The year saw three prime ministers hold office, and the death of the Her Majesty the Queen in September 2022 dominated the news agenda. PA's response from the announcement of Her Majesty's death to the funeral saw extensive coverage of our words, pictures

and videos in publications throughout the UK and the rest of the world.

In October the Group completed the acquisition of 100% of the share capital of Wearehydrogen Limited ("Hydrogen") and Social Media Training School Limited, a related dormant company. Hydrogen is a specialist social media marketing agency. The acquisition has allowed the Group to enter the social media marketing space for the first time.

In December, on the basis of the Group's strong financial performance and cash generation, the directors recommended a dividend of 125.55 pence per share. This comprised of an ordinary dividend of 43.94 pence per share and an extraordinary dividend of 81.61 pence per share. This reflects confidence in the Group's growth prospects and cash flow generation.

BUSINESS OUTLOOK

The Group's focus is to remain a market-leading, diversified news, information and services business with the news agency at its core.

The strategic focus of the Group is to:

- protect the news agency through continuing to diversify and grow revenues from outside of the traditional media market;
- capitalise on market opportunities through services and product innovation;
- identify acquisitions that are value enhancing and complementary to our existing businesses; and
- deliver continuous shareholder value.

KEY PERFORMANCE INDICATORS

The Group considers revenue and operating profit before adjusting items to be its key performance indicators ("KPI"). Both Group Revenue and Operating Profit have increased year on year. The directors also monitor net assets.

	2022 £m	2021 £m
Group revenue	105.7	99.1
Group operating profit	5.4	5.3
Group EBITDA	15.0	15.1
Profit before tax	5.5	5.2
Net assets	58.8	61.9
Cash and cash equivalents	25.3	28.7

The directors also monitor other KPIs including capital expenditure, cash flow and employee turnover.

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. During 2022 the three trustees met the Editor-in-Chief to receive detailed reports on editorial matters, including content

STRATEGIC REPORT

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.

Significant business interruption as a result of a security vulnerability, cyber-attack or breach of privacy is another key risk. Mitigations include additional investment in IT security, an experienced information security and data protection team, robust policies, systems and procedures as well as mature incident management plans.

Inflation rates increased significantly during 2022, which presents a risk to the Group's cost base. Given the Bank of England's mandate and focus on reducing inflation, this is not considered to be a significant long-term risk. Due to the inclusion of inflation-linked annual price reviews in a large number of sales contracts coupled with tight cost management, the directors consider that there are a number of available measures that can be used mitigate inflation risk.

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 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.

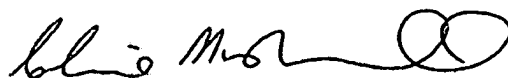
The Group is committed to engaging with our employees. Senior executives meet employees on a regular basis, including a twice-yearly staff address by the CEO. There are several forums through which employees and management can raise questions and discuss any issues.

Diversity and inclusion are important priorities for the Group and our employees. The Group has working groups, with specific focus on equality, diversity and inclusion respectively, which comprise 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.

The Group offers two apprenticeship schemes to encourage greater social and ethnic diversity in its newsrooms. Targeting new entrants to the profession as well as recently qualified journalists, the programmes operate across News and Sport, with apprentices receiving paid, on-the-job training. Apprentices on both schemes learn core skills including news reporting, interview techniques, developing stories, video, use of social media, and media law - all grounded in PA's principles of fast, fair and accurate journalism.

The Group supports a number of charitable initiatives, often focused on communities local to the Group's offices or those connected with the Group's activities. In 2022 the Group supported the Journalism Diversity Fund, an organisation that awards bursaries to people from diverse backgrounds who need help funding their NCTJ journalism training. The Group also supported 'Future Frontiers', an education charity that exists to help young people from disadvantaged backgrounds fulfil their potential through a programme of one-to-one mentoring delivered by business professionals.

On behalf of the Board



C P Marshall
Chief Executive
3 April 2023

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 2022.

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 four business units: content, data services, Alamy 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 2022 were £58.8m (2021: £61.9m). Profit before tax was £5.5m (2021: £5.2m). Profit for the financial year was £6.9m (2021: £1.9m). Dividends of £10.0m were approved in the year (2021: £10.0m).

FUTURE DEVELOPMENTS

The Group enters 2023 well placed for further growth while maintaining a focus on providing customers with high quality and relevant content. 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
- P M Dacre
- A J Dowsett
- D J Fitzpatrick
- J R Goode
- M MacLennan
- C P Marshall
- J J Mullen
- E J A Shelley (appointed 20 January 2022)

GOING CONCERN

Economic recovery from the Covid-19 pandemic, coupled with the economic impact of the war in Ukraine and high inflationary pressures, pose an ongoing risk to the Company's operations, finance and customer base.

The Group has performed financial modelling, including applying sensitivities and stress testing various 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 2022 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 April 2024, 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 committees at each of the Group's main sites.

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 £6,000 (2021: £19,000), principally to the Journalism Diversity Fund and other 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

REPORT OF THE DIRECTORS

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 institutions.

Market risk

The markets in which the Group operates are susceptible to both structural and cyclical risk. The Group mitigates market risk through continued diversification and investment in product and platform innovation to ensure customers receive high quality content, data and other services. Furthermore 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.

The Group previously identified a risk in relation to its defined benefit pension scheme. Following the completion of a full buyout in the prior year, removing all liabilities from the Group, this is no longer a risk.

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 energy and carbon reporting framework. This is based on the Group's greenhouse gas emissions for the year 1 January to 31 December 2022.

Greenhouse gas emissions data (tonnes CO ₂ e)	2022	2021	2020
Scope 1: Emissions from combustion of fuel for transport purposes	226	235	235
Scope 2: Emissions from purchased electricity	120	100	181
Scope 3: Emissions from business travel	54	38	31
Total gross CO₂e	400	373	447
Intensity Ratio: Tonnes CO ₂ e emissions divided by total £1m revenue	5	4	5
Energy consumption (kWh)	621,853	472,706	776,536

The Group's environmental impact has increased slightly in 2022, reflecting a normalised number of staff returning to

work from the Group's offices compared to 2021 where Covid-19 related guidance regarding home working was in place for the first quarter. This has led to the increased energy consumption across the Group's office sites during the year. However, the Group's energy consumption has significantly decreased compared to 2020, even though home working guidance was in place from March 2020 onwards. This shows the positive effect of the Group's actions to reduce its environmental impact.

The Group proactively monitors its energy consumption and, in addition to following a policy of purchasing green energy, has continued to introduce new measures through 2022 to be further improve energy efficiency across the Group's sites.

A significant portion of the Group's emissions derive from fuel use by company cars and other business travel. Throughout 2022 the Group has continued to utilise 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 2021) issued by the Department for Business, Energy and Industrial Strategy.

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.

REPORT OF THE DIRECTORS

DISCLOSURE OF INFORMATION TO AUDITORS

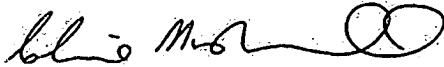
The directors confirm that:

- 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.

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
3 April 2023

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 2022, 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 2022 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 the crisis in Ukraine, the cost of living crisis and rising inflation, 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.

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. 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 their environment obtained in

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

the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - 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.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including the 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 and knowledge of the industry in which the company operates.


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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
3 April 2023

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Turnover	1	105,699	99,058
Staff costs	2	(47,720)	(44,202)
Depreciation and other amounts written off tangible and intangible fixed assets		(9,565)	(9,761)
Other operating expenses		(42,973)	(39,783)
Total operating profit before amortisation and other exceptional items		13,917	15,711
Amortisation and impairment of goodwill and other intangibles	9	(8,200)	(8,392)
Other exceptional items	4	(276)	(2,007)
Operating profit		5,441	5,312
Other interest receivable and similar income	5	95	22
Interest payable and similar expenses	5	(68)	(130)
Profit on ordinary activities before tax	6	5,468	5,204
Tax on profit on ordinary activities	7	1,419	(3,335)
Profit on ordinary activities after tax		6,887	1,869
Other comprehensive income:			
Currency translation differences		62	(112)
Actuarial loss on defined benefit pension scheme assets	21	-	(2,119)
Movement on deferred tax relating to defined benefit pension scheme assets	15	-	403
Total comprehensive income for the year		6,949	41
Profit for the year attributable to:			
Owners of the parent company		6,887	1,842
Non-controlling interests		-	27
Profit for the year		6,887	1,869
Total comprehensive income for the year attributable to:			
Owners of the parent company		6,949	14
Non-controlling interests		-	27
Total comprehensive income for the year		6,949	41

The notes and accounting policies on pages 15 to 31 form an integral part of these financial statements.

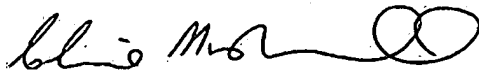
GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

Company registration number: 00004197

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	9	46,133	47,705
Tangible assets	10	6,100	5,830
Investments	11	115	115
		52,348	53,650
Current assets			
Debtors	12	22,199	21,066
Stock	14	-	38
Cash at bank and in hand	20	25,260	28,736
		47,459	49,840
Creditors: amounts falling due within one year	13	(34,868)	(39,404)
Net current assets		12,591	10,436
Total assets less current liabilities		64,939	64,086
Creditors: amounts falling due in more than one year	13	(793)	-
Provisions for liabilities	16	(5,338)	(2,227)
Net assets		58,808	61,859
Capital and reserves			
Called up share capital	17	7,965	7,965
Translation reserve	17	(50)	(112)
Profit and loss account	17	50,893	54,006
Equity attributable to owners of the parent company		58,808	61,859

These financial statements on pages 10 to 31 were approved by the Board on 3 April 2023 and signed on their behalf by:



C P Marshall
Chief Executive

The notes and accounting policies on pages 15 to 31 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

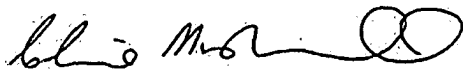
as at 31 December 2022

Company registration number: 00004197

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	9	-	23
Tangible assets	10	2,446	2,597
Investments	11	36,622	36,622
		39,068	39,242
Current assets			
Debtors	12	686	15,760
Cash at bank and in hand		22	21
		708	15,781
Creditors: amounts falling due within one year	13	(2,414)	(4,879)
Net current assets		(1,706)	10,902
Total assets less current liabilities		37,362	50,144
Provisions for liabilities	16	(2,749)	(1,720)
Net assets		34,613	48,424
Capital and reserves			
Called up share capital	17	7,965	7,965
Profit and loss account	17	26,648	40,459
		34,613	48,424

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 £3.8m (2021: £3.8m).

These financial statements on pages 10 to 31 were approved by the Board on 3 April 2023 and signed on their behalf by:



C P Marshall
Chief Executive

The notes and accounting policies on pages 15 to 31 form an integral part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Cash inflow from operating activities			
Operating profit		5,441	5,312
Adjustments for:			
Amortisation of goodwill, intangibles and trademarks	9	8,200	8,393
Depreciation charge	10	1,364	1,368
Loss/(profit) on disposal of fixed assets	6	1	(19)
Foreign exchange differences	6	67	82
Increase in provisions		1,365	294
Difference between pension charge and cash contributions		-	1,863
Increase in debtors		(2,021)	(965)
Decrease in stock		38	116
Increase/(decrease) in creditors		4,146	(1,943)
Cash generated from operations		18,601	14,501
Income taxes paid		1,108	(1,743)
Net cash flow generated from operating activities		19,709	12,758
Cash flows from investing activities			
Payments to acquire tangible fixed assets	10	(1,634)	(1,219)
Payments to acquire intangible fixed assets	9	(1,335)	(696)
Receipts from sale of tangible fixed assets		15	201
Purchase of subsidiaries		(6,727)	(9,237)
Purchase of non-controlling interests		-	(450)
Reclassification from fixed asset investments (pension escrow)		-	2,610
Cash acquired with subsidiaries	19	673	-
Investment income		2	4
Interest received		93	18
Net cash flow used in investing activities		(8,913)	(8,769)
Cash flows from financing activities			
Interest paid		(39)	(6)
Repayment of obligations under finance leases	20	(338)	(224)
Dividends paid	8	(13,888)	(5,870)
Net cash flow used in financing activities		(14,265)	(6,100)
Net decrease in cash and cash equivalents		(3,469)	(2,111)
Cash and cash equivalents at the beginning of the year		28,736	30,947
Effect of foreign exchange rate changes		(7)	(100)
Cash and cash equivalents at the end of the year		25,260	28,736

The notes and accounting policies on pages 15 to 31 form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Called up Share Capital £000	Translation Reserve £000	Profit and Loss Account £000	Non- controlling Interests £000	Total £000
At 1 January 2021	7,965	(94)	64,092	211	72,174
Profit for the year	-	-	1,842	27	1,869
Other comprehensive income:					
Currency translation differences	-	(18)	-	-	(18)
Actuarial loss recognised on defined benefit pension scheme liabilities	-	-	(2,119)	-	(2,119)
Movement in deferred tax on defined benefit pension scheme liabilities	-	-	403	-	403
Transactions with owners:					
Revaluation of non-controlling interest	-	-	(212)	(238)	(450)
Dividends	-	-	(10,000)	-	(10,000)
At 31 December 2021	7,965	(112)	54,006	-	61,859
Profit for the year	-	-	6,887	-	6,887
Other comprehensive income:					
Currency translation differences	-	62	-	-	62
Transactions with owners:					
Dividends (note 8)	-	-	(10,000)	-	(10,000)
At 31 December 2022	7,965	(50)	50,893	-	58,808

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Called up Share Capital £000	Profit and Loss Account £000	Total £000
At 1 January 2021	7,965	54,305	62,270
Loss for the year	-	(3,846)	(3,846)
Transactions with owners:			
Dividends (note 8)	-	(10,000)	(10,000)
At 31 December 2021	7,965	40,459	48,424
Loss for the year	-	(3,811)	(3,811)
Transactions with owners:			
Dividends (note 8)	-	(10,000)	(10,000)
At 31 December 2022	7,965	26,648	34,613

The notes and accounting policies on pages 15 to 31 form an integral part of these financial statements.

ACCOUNTING POLICIES

for the year ended 31 December 2022

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 Group and Company accounting policies are the same.

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 and Social Media Training School Limited, dormant companies registered in Scotland, and PAPP 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 values 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. 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 2022 was £21.4m (2021: £21.2m). The carrying amount of intangibles at 31 December 2022 was £24.7m (2021: £26.4m). The carrying amount of investments was £0.1m (2021: £0.1m).

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 Group has performed financial modelling, 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 2022 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 April 2024, 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.

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 given, liabilities incurred or assumed in exchange for control of the acquiree plus costs directly attributable to the business combination.

GOODWILL

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

ACCOUNTING POLICIES

for the year ended 31 December 2022

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.

INTANGIBLES

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	4-5 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%
• IT and 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) *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 2022 was £0.1m. This has not been recognised in the Group financial statements as it is not considered material to the financial statements.

c) *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 2022 was £0.1m. 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 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

ACCOUNTING POLICIES

for the year ended 31 December 2022

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.

Mediapoint and PA Training

Turnover generated from the provision of Mediapoint 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.

Hydrogen

Turnover is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Alamy and Images

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

The amount of turnover recognised depends on whether the Group acts as an agent or a principal. The Group acts as a principal when it has primary responsibility for delivering images to the end user and has significant risks and rewards associated with the transaction. When the Group acts as principal, the revenue is recorded as the gross amount billed. Costs associated with images sold are also recognised at the gross amount within other operating expenditure.

Globelynx

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

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

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

StreamAMG

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

Where an arrangement includes the recharge of set up costs, turnover associated with this is recognised in line with completion of work.

ACCOUNTING POLICIES

for the year ended 31 December 2022

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 spread 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 Company previously operated one defined benefit scheme in the UK, namely the Press Association Pension Fund (1992) (the "Fund"). The Fund secured all liabilities with Aviva and Legal and General in August 2021 and October 2021 respectively. The Fund was formally wound up on 14 December 2021. As such, the Company has no financial obligation to the Fund.

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

ACCOUNTING POLICIES

for the year ended 31 December 2022

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 2022

1 TURNOVER		2022 £000	2021 £000
GEOGRAPHICAL ANALYSIS			
UK and Ireland		74,430	70,135
Rest of Europe		11,241	10,470
Rest of World		20,028	18,453
Total		105,699	99,058

MARKET ANALYSIS			
Rendering of services		69,402	66,390
Sale of goods		34,440	31,092
Commission income		1,857	1,576
Total		105,699	99,058

2 STAFF COSTS AND EMPLOYEE INFORMATION	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	42,219	39,055	2,453	2,575
Social security costs	4,122	3,810	334	385
Pension costs (note 21)	1,379	1,337	95	96
	47,720	44,202	2,882	3,056

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
Average monthly number of directors and staff employed during the year were:				
Operations	618	632	-	-
Sales	81	70	-	-
Administration	248	211	-	-
Central management	5	5	5	5
	952	918	5	5

3 DIRECTORS' EMOLUMENTS		2022 £000	2021 £000
Group emoluments of the Company's directors:			
Aggregate emoluments all relating to continuing activities		1,546	1,566
Aggregate amounts receivable under long-term incentive schemes		1,066	983
Defined contribution pension payments		15	15
Sums paid to third parties for directors' services		194	145
		2,821	2,709

Amounts in respect of the highest paid director:			
Aggregate emoluments all relating to continuing activities		701	673
Amounts receivable under long-term incentive schemes		588	562
		1,289	1,235

Retirement benefits were accruing to two directors (2021: two) under defined contribution schemes. Four directors were members of long-term incentive plans (2021: three). See note 16 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 2022

4 EXCEPTIONAL ITEMS	2022 £000	2021 £000
Pension fund transfer exercise and buy-out costs	-	1,835
Property related income	-	(111)
Transformation costs	249	-
Other legal and professional costs	27	283
Total exceptional items	276	2,007

Transformation costs in the current year relate to Group strategic review projects.

Other legal and professional costs primarily comprise one-off charges relating to one-off legal, consultancy and financing work.

5 INTEREST AND SIMILAR ITEMS	2022 £000	2021 £000
Investment income	2	4
Interest receivable on bank deposits	93	18
Total finance income	95	22
Unwinding of discounted deferred consideration	(29)	(104)
Finance lease interest	(39)	(26)
Total finance costs	(68)	(130)

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2022 £000	2021 £000
Operating profit is stated after charging/(crediting):		
Operating lease rentals – land and buildings	1,584	1,679
– plant and machinery	84	108
Exchange losses	67	82
Amortisation of goodwill (note 9)	5,147	5,586
Amortisation of other intangibles (note 9)	3,053	2,807
Depreciation of tangible fixed assets (note 10)	1,364	1,368
Profit on disposal of other fixed assets	-	(19)
Expenditure on research and development activities	7,526	4,817

PAYMENTS TO AUDITORS	2022 £000	2021 £000
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	85	71
Fees payable to the Company's auditor and its associates for other services: - The audit of the Company's subsidiaries	55	44

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

7 TAX ON PROFIT ON ORDINARY ACTIVITIES	2022 £000	2021 £000
Current tax:		
UK corporation tax at 19.00% (2021: 19.00%)	214	-
Overseas tax	349	685
Adjustments in respect of prior periods	(1)	(107)
Total current tax	562	578
Deferred tax:		
Origination & reversal of timing differences	(1,024)	1,462
Effect of tax rate change on opening balance	-	1,291
Adjustments in respect of prior periods	(957)	4
Total deferred tax	(1,981)	2,757
Tax (credit)/charge on profit on ordinary activities	(1,419)	3,335

The tax for the year is lower (2021: higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2022 £000	2021 £000
Profit on ordinary activities before tax	5,468	5,204
At standard rate of corporation tax of 19.00% (2021: 19.00%)	1,039	989
Effects of:		
Expenses not tax deductible	978	1,125
Fixed asset differences	(114)	(62)
Income not taxable for tax purposes	63	(36)
Difference in foreign tax rates	89	213
Movement in deferred tax not recognised	(2,984)	-
Adjustments in respect of prior periods	(958)	(125)
Effects of rates on changes on deferred tax	468	1,231
	(1,419)	3,335

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of corporation tax was 19.00% through 2022. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 19.00% (2021: 19.00%).

The March 2021 Budget announced an increase in the UK standard rate of corporation tax to 25% from 1 April 2023 and the legislation received Royal Assent on 10 June 2021. This increase was confirmed in the Autumn 2022 Budget.

The deferred tax assets and liabilities reflect these rates.

8 DIVIDENDS	2022 £000	2021 £000
Dividends approved and recognised in the year:		
Dividend 125.55 pence per share (2021: 125.55 pence per share)	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

9 INTANGIBLE FIXED ASSETS	Goodwill £000	Brands £000	Software £000	Trademarks £000	Total £000
GROUP					
Cost:					
At 1 January 2022	63,868	25,762	6,086	24	95,740
Additions	5,295	-	1,329	6	6,630
Disposals	-	-	-	(2)	(2)
At 31 December 2022	69,163	25,762	7,415	28	102,368
Accumulated amortisation and impairment:					
At 1 January 2022	42,619	2,469	2,934	13	48,035
Amortisation charge	4,938	1,288	1,763	2	7,991
Impairment charge	209	-	-	-	209
At 31 December 2022	47,766	3,757	4,697	15	56,235
Net book amount:					
At 31 December 2022	21,397	22,005	2,718	13	46,133
At 31 December 2021	21,249	23,293	3,152	11	47,705

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

As at 31 December 2022, the carrying value of brands was £22.0m (2021: £23.3m), with an estimated remaining useful life of 17 years.

During the year, a goodwill impairment of £0.2m was recognised in relation to the EMPICS, a sports and entertainment brand within the images business.

	Software £000
COMPANY	
Cost:	
At 1 January 2022	117
Additions	-
At 31 December 2022	117
Accumulated amortisation:	
At 1 January 2022	94
Charge for the year	23
At 31 December 2022	117
Net book amount:	
At 31 December 2022	-
At 31 December 2021	23

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

10 TANGIBLE FIXED ASSETS	Freehold property £000	Leasehold improvements £000	IT & equipment £000	Total £000
GROUP				
Cost:				
At 1 January 2022	5,530	42	31,578	37,150
Foreign currency translation	-	-	20	20
Additions at cost	-	250	1,384	1,634
Eliminated on disposal	-	-	(608)	(608)
Added on acquisition	-	6	60	66
At 31 December 2022	5,530	298	32,434	38,262
Accumulated depreciation:				
At 1 January 2022	2,946	42	28,332	31,320
Foreign currency translation	-	-	20	20
Charge for the year	151	4	1,209	1,364
Eliminated on disposal	-	-	(594)	(594)
Added on acquisition	-	6	46	52
At 31 December 2022	3,097	52	29,013	32,162
Net book amount:				
At 31 December 2022	2,433	246	3,421	6,100
At 31 December 2021	2,584	-	3,246	5,830

Computers and other office equipment with a carrying value of £0.5m (2021: £0.2m) are held under finance leases.

	Freehold property £000	IT & equipment £000	Total £000
COMPANY			
Cost:			
At 1 January 2022	5,530	96	5,626
Additions	-	7	7
Eliminated on disposal	-	(4)	(4)
At 31 December 2022	5,530	99	5,629
Accumulated depreciation:			
At 1 January 2022	2,946	83	3,029
Charge for the year	151	7	158
Eliminated on disposal	-	(4)	(4)
At 31 December 2022	3,097	86	3,183
Net book amount:			
At 31 December 2022	2,433	13	2,446
At 31 December 2021	2,584	13	2,597

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

11 FIXED ASSET INVESTMENTS	Group £000	Company £000
Cost:		
At 1 January 2022 and 31 December 2022	1,204	75,743
Impairment:		
At 1 January 2022 and 31 December 2022	1,089	39,121
Net book amount:		
At 31 December 2022 and 31 December 2021	115	36,622
	Group £000	Company £000
Total fixed asset investments comprise:		
Interest in subsidiaries	-	36,622
Other fixed asset investments	115	-
At 31 December 2022	115	36,622

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

The subsidiary undertakings of the Group are as follows:

COMPANY	ACTIVITY	PROPORTION OF ORDINARY SHARES HELD:		ADDRESS
		DIRECT	INDIRECT	
The Press Association Limited	News, sport and entertainment information	100%	-	(a)
Sticky Content Limited	Digital copywriting and content strategy agency	100%	-	(a)
PA News Investments Limited	Non-trading investment holding company	100%	-	(a)
PAPF Trustee Limited	Dormant	100%	-	(a)
PA Photos Limited	Photo syndication	-	100%	(a)
PA Media Limited	Non-trading holding company	-	100%	(a)
The Scottish Press Association Limited	Dormant	-	100%	(b)
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	-	100%	(a)
Gipsymedia Limited	Non-trading	-	100%	(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)
Wearehydrogen Limited	Social media agency	-	100%	(k)
Social Media Training School Limited	Dormant	-	100%	(k)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

11 FIXED ASSET INVESTMENTS (CONTINUED)

The following subsidiaries have taken advantage of exemption from audit by virtue of s. 479A of the Companies Act 2006:

- The Press Association Limited
- Sticky Content Limited
- PA News Investments Limited
- PAPF Trustee Limited
- PA Photos Limited
- PA Media Limited
- The Scottish Press Association
- Globelynx Limited
- EBS New Media Limited
- Gipsymedia Limited
- Omrind Limited
- Social Media Training School 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%	(l)
Blackball Media Limited	Motoring editorial, events and PR services	25%	(l)
On-Cue Communications Limited	Motoring editorial, events and PR services	25%	(m)
RADAR AI Limited	Automated news services	50%	(n)

- (a) The Point 37 North Wharf Road, Paddington, London, England, W2 1AF.
 (b) 272 Bath Street, Glasgow, Scotland, G2 4JR.
 (c) 38 Upper Mount Street, Dublin 2, Dublin, DO2 PR89, Republic of Ireland.
 (d) SOHO The Strand, Fawwara building, Triq l-Msida, Gzira, GZR 1401, 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) 49 Flatbush Avenue, 130 Brooklyn, New York 11217, USA.
 (j) Level 6, 200 Adelaide Street, Brisbane, QLD 4000, Australia.
 (k) 223 West George Street, Glasgow, Scotland, G2 2ND.
 (l) Units1-2 Warrior Court, 9-11 Mumby Road, Gosport, Hampshire, United Kingdom, PO12 1BS.
 (m) Wood, Hicks & Co. Units 1-2 Warrior Court, 9-11 Mumby Road, Gosport, Hampshire, PO12 1BS.
 (n) 3rd Floor 37 North Wharf Road, London, England, W2 1AF.

12 DEBTORS

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	15,402	14,265	-	-
Amount owed by subsidiary undertakings	-	-	-	15,138
Other debtors	1,686	1,325	4	-
Prepayments and accrued income	5,111	4,276	184	228
Corporation tax	-	1,200	24	8
Deferred tax asset (note 15)	-	-	474	386
	22,199	21,066	686	15,760

During the year, an impairment credit of £0.1m (2021: loss of £0.2m) was recognised. Debtor provisions of £0.3m (2021: £0.4m) were held at 31 December 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	7,737	6,819	-	-
Amount owed to subsidiary undertakings	-	-	1,189	-
Other taxation and social security	3,275	3,984	-	19
Corporation tax	572	-	-	-
Deferred tax liability (note 15)	500	2,477	-	-
Other creditors	881	4,508	242	4,131
Accruals and deferred income	19,581	16,666	977	729
Deferred consideration	1,387	4,578	-	-
Finance lease (note 18)	935	372	6	-
	34,868	39,404	2,414	4,879

Other creditors include £0.1m of interim dividends which were unpaid at December 2022 (2021: £4.1m).

Deferred consideration reflects the present value of amounts payable in respect of the Hydrogen acquisition which are to be paid in or around October 2023. Deferred consideration in respect to the Alamy acquisition was paid in February 2022.

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 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Deferred consideration	793	-	-	-

Deferred consideration reflects the present value of amounts payable in respect of the Hydrogen acquisition which are to be paid in or around October 2024.

14 STOCK	Group 2022 £000	Group 2021 £000
Finished goods	-	38

During the year, inventory cost of £Nil (2021: £Nil) was recognised within the statement of comprehensive income. Stock provisions of £Nil (2021: £0.2m) were held at 31 December 2022.

15 DEFERRED TAX (LIABILITY)/ASSET	Group £000	Company £000
At 1 January 2022	(2,477)	473
Transfer from profit and loss account	1,980	-
Pension scheme asset movements	(3)	1
At 31 December 2022	(500)	474

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
The deferred tax (liability)/asset comprises:				
Fixed asset timing differences	(5,451)	(5,717)	(169)	(174)
Tax losses	-	520	-	217
Other timing differences	4,951	2,720	643	430
	(500)	(2,477)	474	473

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

15 DEFERRED TAX (LIABILITY)/ASSET

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 £0.2m. 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.

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 been recognised in the year which is expected to be utilised over the next 3 years. The total amount unprovided for is £Nil (2021: £3.0m).

16 PROVISIONS FOR LIABILITIES

	Contingent consideration £000	Legal and other costs £000	Management incentive plans £000	Leasehold dilapidations £000	Total £000
GROUP					
At 1 January 2022	-	156	1,720	351	2,227
Utilised in the year	-	(29)	-	-	(29)
Added on acquisition	1,676	-	-	59	1,735
Additions	11	-	1,369	25	1,405
At 31 December 2022	1,687	127	3,089	435	5,338
COMPANY					
At 1 January 2022	-	-	1,720	-	1,720
Additions	-	-	1,029	-	1,029
At 31 December 2022	-	-	2,749	-	2,749

Contingent consideration was in relation to the Hydrogen acquisition based on management's best estimate of likely cash outflows and is expected to be paid in or around October 2023 and October 2024. Provisions for legal and other 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 18.

A long-term incentive plan was set up in 2021 to reward PA Media Group Limited Executive Directors by paying them a bonus related to the cumulative performance over the period from 1 January 2020 to 31 December 2022. Payments relating to this scheme are expected to be paid in 2023 and 2024. The provision at the 31 December 2022 in respect of this arrangement was £2.7m (2021: £1.7m).

Provisions are also held in relation to incentive plans for other senior management personnel. These are expected to be paid in one to three years.

17 SHARE CAPITAL & RESERVES

	2022 £000	2021 £000
7,965,000 (2021: 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 2022

18 FINANCIAL COMMITMENTS

OPERATING LEASE COMMITMENTS		Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £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	1,268	1,316	1,075	1,075
	- plant and machinery	170	171	-	-
Between one and five years	- land and buildings	4,031	4,373	3,808	3,965
	- plant and machinery	87	247	-	-
More than five years	- land and buildings	5,506	5,506	5,506	5,506
		11,062	11,613	10,389	10,546

FINANCE LEASE AND HIRE PURCHASE CONTRACTS

	Group	
	2022 £000	2021 £000
The total future minimum lease payments payable:		
Less than one year	425	197
Between one and five years	510	175
	935	372

Obligations under finance leases are secured by the related assets and bear finance charges at a rate of 9.56% per annum (2021: 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 10.

19 ACQUISITIONS

In October 2022, the Group acquired 100% of the issued share capital of Wearehydrogen Limited ("Hydrogen") and Social Media Training School Limited for total consideration of £5.9m (comprising cash consideration of £2.3m, contingent consideration of £1.7m, deferred consideration of £1.7m and acquisition costs of £0.3m). Hydrogen is a company incorporated in Scotland and is specialist social media marketing agency.

At acquisition date, the assets and liabilities of Hydrogen were as follows:

	Book value £000	Adjustments £000	Fair value £000
Tangible assets	14	-	14
Trade debtors	312	-	312
Cash and cash equivalents	673	-	673
Total assets	999	-	999
Trade creditors	(312)	-	(312)
Provisions	(3)	(58)	(61)
Total liabilities	(315)	(58)	(373)
Net assets	684	(58)	626
Goodwill			5,295
Total consideration			5,921

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

20 NET DEBT RECONCILIATION

	1 January 2022 £000	Cash flow £000	Cash on acquisition £000	Dividends £000	New finance leases £000	Exchange movement £000	31 December 2022 £000
Cash at bank and in hand	28,736	9,746	673	(13,888)	-	(7)	25,260
Finance leases	(372)	338	-	-	(901)	-	(935)
Net debt	28,364	10,084	673	(13,888)	(901)	(7)	24,325

21 PENSIONS

The Group operates multiple defined contribution schemes. Total employer contributions to defined contribution schemes for the year were £1.4m (2021: £1.3m). At the year end employer contributions of £0.1m were due to these schemes but unpaid (2021: £0.2m).

The following disclosures relates to the defined benefit section of the Press Association Pension Fund (1992) and are presented for comparative reference.

In the prior year, the Company operated one defined benefit scheme in the UK, namely the Press Association Pension Fund (1992) (the "Fund"). The Fund secured all liabilities with Aviva and Legal and General in August 2021 and October 2021 respectively. The Fund was formally wound up on 14 December 2021. As such, the Company has no financial obligation to the Fund. For the purpose of these disclosures, the date these liabilities were bought out is 20 August 2021.

Over the year to 31 December 2022, no contributions were made by the Group to the Scheme (2021: £1.5m).

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

	2022 £ million	2021 £ million
1 January	-	242.0
Buy-out – settlement	-	(242.5)
Aviva premium – experience	-	0.3
L&G premium – plan amendment	-	0.4
Interest cost	-	2.1
Actuarial loss on liabilities	-	3.2
Benefits paid	-	(5.5)
31 December	-	-

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

	2022 £ million	2021 £ million
1 January	-	244.1
Buy-out – settlement	-	(242.2)
Aviva premium – settlement	-	(0.6)
Interest income	-	2.2
Actuarial gain on assets	-	2.0
Contributions by the employer	-	1.5
Administration expenses	-	(1.5)
Benefits paid	-	(5.5)
31 December	-	-

The actual return on Scheme assets over the year, allowing for cashflows in and out of the Fund, was £nil (2021: return of £4.2m).

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

	2022 £ million	2021 £ million
Administration expenses	-	1.5
Buy out – settlement	-	(0.3)
L&G true up premium items	-	0.4
Net interest on surplus	-	(0.1)
Total expense included in the profit and loss account	-	1.5

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

21 PENSIONS (CONTINUED)

OCI credits for the year are as follows:

	2022 £ million	2021 £ million
Aviva premium – asset losses	-	(0.6)
Aviva premium – liability losses	-	(0.3)
Return on Scheme assets excluding interest income	-	2.0
Changes in assumption losses	-	(3.2)
Actuarial loss before tax	-	(2.1)

Reconciliation of amounts in balance sheet over year:

	2022 £ million	2021 £ million
Surplus in Fund at 1 January	-	2.1
Charge to profit & loss account	-	(1.5)
Employer contributions	-	1.5
OCI charge	-	(2.1)
Surplus in Fund at 31 December	-	-

22 FINANCIAL INSTRUMENTS

The Group has the following financial instruments.

Financial assets measured at amortised cost:	2022 £000	2021 £000
Trade debtors	15,402	14,265
Accrued income and other debtors	6,797	5,600
At 31 December	22,199	19,865
Financial liabilities measured at amortised cost:	2022 £000	2021 £000
Finance leases	935	372
Trade creditors	7,737	6,819
Accruals	8,019	10,171
Deferred consideration	2,180	4,578
Other creditors	881	4,506
At 31 December	19,752	26,446

23 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.

The Group made sales of £14.6m (2021: £13.6m) with a number of its shareholders in the year and as at 31 December 2022, the Group was owed a total of £2.1m (2021: £1.9m) from its shareholders relating to trading activities in the normal course of business.

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