Registration number: 00084121

Associated Newspapers Limited

Annual Report and Financial Statements

for the Financial year from 1 October 2018 to 29 September 2019

Associated Newspapers Limited

Contents

Associated Newspapers Limited

Company Information

Directors	The Viscount Rothermere K J Beatty J J S Welsh
Company secretary	F L Sallas
Registered office	Northcliffe House 2 Derry Street London England
Solicitors	Freshfields Bruckhaus Deringer Whitefriars 65 Fleet Street London EC4Y 1HT
Bankers	The Royal Bank of Scotland plc Corporate Services PO Box 34 15 Bishopsgate London EC4Y 1HT
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Associated Newspapers Limited

Directors' Report for the Financial Year from 1 October 2018 to 29 September 2019

The directors present their Annual Report on the affairs of the Company, together with the audited financial statements and Independent Auditors' report for the period from 1 October 2018 to 29 September 2019.

The principal risks and uncertainties of the Company and details of the results and dividends are described in the Operating and Business Review within the Strategic Report of these financial statements.

Principal activities

The principal activity of the Company is the publication of newspapers and the running of newspaper companion web sites. The Company operates as part of the dmg media division of Daily Mail and General Trust plc ("DMGT").

In addition to owning several newspapers and websites, Associated Newspapers Limited holds a number of investments. As consolidation is not required, the results of these investments are excluded from these financial statements.

Outlook

As noted in Note 2 Going concern and Note 26 Post Balance Sheet Events, the COVID-19 pandemic and measures taken to contain the virus have impacted the Company post year end. Whether revenues and profitability will improve in 2020 will depend on many factors including the extent to which government measures may be prolonged, expanded or scaled down.

The Company has implemented a number of operational actions designed to preserve liquidity and reduce costs in response to COVID-19 including a salary substitution plan although the Company has not taken any government financial support and no employees have been furloughed. Variable costs have decreased naturally, due to reduced revenues. There have also been measured reductions in discretionary spending, further supporting the Company's cash generation.

As part of their assessment of the impact of the COVID-19, the Directors of the Group have obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its operating subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income. These forecasts and projections have been used in the assessment of the carrying values of these subsidiaries, associates and financial assets at fair value through other comprehensive income. In addition, the Directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario, the Group did not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants.

Going concern

The directors hve considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The Company is in a net current assets position as at 29 September 2019 however may be negatively impacted by COVID-19. The Company's parent, Daily Mail and General Trust plc ("DMGT") has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. The Group has considered the impact of COVID-19 and has obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its trading subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income to assist in this assessment. In addition, the Group directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario the Group does not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants. After due consideration the Group directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and provide financial support to its subsidiaries for at least twelve months from the date of this report.

After making enquiries, the directors of the Company therefore has a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for at least twelve months from the date of this report and have therefore continued to adopt the going concern basis in preparing the financial statements.

Employees

Details on employee involvement and the employment of disabled persons are disclosed in the Strategic Report.

Details of the number of company employees and related costs can be found in the note 8 of these financial statements.

Directors' indemnity

A qualifying third-party indemnity (QTPI), as permitted by the Company's Articles of Association and Sections 232 and 234 of the Companies Act 2006, has been granted by the Company to each of the Directors of the Company and is in force during the financial year and also at the date of approval of the financial statements. Under the provisions of the QTPI the Company undertakes to indemnify each Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' costs as incurred, provided that they are reimbursed to the Company if the Director is found guilty or, in an action brought by the Company, judgement is given against the Director.

Results and dividends

The results of the Company can be found in the Strategic Report part of these financial statements. During the year the Company received dividends of £nil (2018: £nil).

Directors of the Company

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

The Viscount Rothermere
K J Beatty
J J S Welsh

Important non-adjusting events after the financial year

In November 2019, DMGT acquired the 'i', the UK national newspaper and website, for £50,000,000 cash consideration. The 'i' has an established reputation for quality journalism and in 2018 generated £11,000,000 in cash operating income and operating profit from £34,000,000 of revenue. The acquisition is both strategically and financially compelling and there is scope for potential synergies in the future, notably from dmg media's existing infrastructure and in advertising sales. The 'i' will sit within DMGT's 'Predictable performers' category. The business will benefit from DMGT's long-term approach and commitment to investing in editorial content.

On 5 December 2019, pursuant to a consolidation of the Group's holding structure, the Company's ultimate parent company, Rothermere Continuation Limited (RCL) was acquired by Rothermere Investments Limited (RIL), a company incorporated in Jersey, in the Channel Islands. RIL now holds 100% of DMGT's issued Ordinary Shares. The underlying control of DMGT, however, remains unchanged and continues to lie with a discretionary trust (the Trust) that is held for the benefit of Lord Rothermere and his immediate family. Both RIL and the Trust are administered in Jersey. RIL and its directors, and the Trust are related parties of the Company. RIL has subsequently renamed itself RCL.

On 30 January 2020 the World Health Organisation (WHO) declared a Health Emergency and on 11 March 2020 a Global Pandemic following the outbreak of Coronavirus (COVID-19) the directors have considered this to be a non adjusting post balance sheet event.

As part of their assessment of the impact of the COVID-19, the Directors of the Group have obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its operating subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income. These forecasts and projections have been used in the assessment of the carrying values of these subsidiaries, associates and financial assets at fair value through other comprehensive income. In addition, the Directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario, the Group did not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants.

Associated Newspapers Limited

Directors' Report for the Financial Year from 1 October 2018 to 29 September 2019 (continued)

Disclosure of information to the auditors

Each of the persons who are a director at the date of approval of this report confirms that:

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board on 1/7/20 and signed on its behalf by:

....

J J S Welsh
Director

Associated Newspapers Limited

Strategic Report for the Financial Year from 1 October 2018 to 29 September 2019

The directors present their Strategic Report for the financial year from 1 October 2018 to 29 September 2019.

The Company is a wholly owned subsidiary of Daily Mail and General Trust plc ("DMGT") and operates as part of their dmg media division. The performance of the group's dmg media division of DMGT, which includes the Company, is discussed in the DMGT Annual Report (available at www.dmgt.co.uk) which does not form part of this Report.

Operating and Business Review

The Company has three principal businesses, Mail Newspapers, MailOnline and Metro. The annual financial statements are made up to the Sunday nearest to 30 September. The financial year ended 29 September 2019 consists of 52 weeks (2018: 52 week year ended 30 September 2018).

Mail Businesses

Revenues from the combined newspaper and website businesses (the Daily Mail, The Mail on Sunday and MailOnline) were the same as last year of £546,000,000 million, including £140,000,000 from MailOnline. Total advertising revenues across the Mail businesses grew by an underlying 2% to £253,000,000, including an 8% decline in print advertising revenues, reflecting the continued structural and competitive challenges facing the UK national newspaper advertising market. MailOnline's advertising revenues grew by an underlying 12%. The 3% decrease in circulation revenues to £284,000,000 resulted from a continued decline in circulation volumes being partly offset by the benefit of a 5p cover price increase in September 2018 of the weekday editions of the Daily Mail to 70p. The Mail brands remain strong, which is reflected in the large and growing UK retail market shares held by the Daily Mail and The Mail on Sunday, averaging 25.5% and 22.8% for the year respectively.

MailOnline continues to focus on attracting traffic directly to its homepages on desktop and mobile or its apps. Indirect traffic, primarily via social media and search platforms, decreased year-on-year and resulted in total average daily global unique browsers during the year decreasing by 3% to 12,600,000. Total minutes spent on the site decreased 4% to a daily average of 139,000,000. The direct audience accounted for 79% of minutes spent, compared to 77% in the prior year, reflecting continued high levels of engagement with the direct audience.

Metro

Following the integration of the advertising operations of the Metro and Mail in April 2018, Metro delivered a strong performance. Revenues grew by an underlying 11% to £79,000,000, a good achievement in the context of a declining advertising market. Revenues benefitted from the addition of two regional franchises in January 2018, one in July 2018 and a further one in January 2019. Metro has the largest circulation of any weekday newspaper in the UK, read by an average of 2,400,000 people each day, and has the largest Monday to Friday advertising market share by volume.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are identified in a Risk Register. The materiality of each risk is assessed against a framework to determine its significance and likelihood of occurrence. The Company's risks are categorised as either strategic or operational. Strategic risks are linked ti the Company's strategic priorities whilst operational risks are those arising from the execution of the business functions. The most material risks identified in the Risk Register, together with the steps taken to mitigate them, are described below.

Strategic Risks

The impact of technological and market changes on competitive advantage

The dmg media group's ("the Group" and of which Associated Newspapers Limited is part of) businesses operate in highly competitive environments that can be subject to rapid change. Its products and services, and their means of delivery, are affected by technological innovations, competitor activity or changing customer behaviour.

All of the Group's businesses are alert to market changes of emerging technologies that could disrupt their products and brands. The autonomous culture of the Group encourages an entrepreneurial approach to the development of new opportunities in response to these threats and it continues to invest and adapt to remain competitive. The Group's strategy of diversification and willingness to take a long-term view helps it to react to these challenges and opportunities when they arise. In particular the Group has developed an internet strategy for each of its main segments of advertising revenue and as such the print and online businesses are working closely together to maximise the synergies that exist between these two formats.

MailOnline growth requires execution of the optimal strategy to increase monetisation of its user base, given the growth in mobile usage and programmatic advertising. This strategy includes geographic expansion into competitive, and in some cases mature, markets which brings uncertainty. Risks include competition from Facebook, hiring/retention of key senior executives and potential change in customer behaviour.

Exposure to changes in the economy and customer spending patterns

Our print titles continue to outperform the newspaper industry circulation decline, increasing their market share. However, there remains a risk that the newspaper industry declines as a whole and as a result Mail Newspapers copy sale decline accelerates due to changing consumer preferences and technological advancements.

A significant (although decreasing) proportion of the Group's revenue is derived from print advertising. This revenue has been affected by the downturn in the global economy in the past few years. The Group's experience in the past few years has demonstrated how the long-term digital strategy, investment in its branding and management of costs puts it in a robust position both now or, if growth slows or falls, in the future.

Reliance on key management and staff retention

The Group employs successful and talented management and staff across all of its businesses. Although it is impossible to predict with certainty that continued success will be enjoyed in the recruitment and retention of high quality management and creative talent, the Group's human resources director works with divisional and executive management across the Group on a formal approach to talent management and succession planning. This includes payment of competitive rewards, employee performance and turnover monitoring and a variety of approaches to staff communication.

Commercial relationships including volatility of newsprint
The Group is reliant on a number of commercial relationships with key suppliers and third parties. A significant change to the commercial terms under which the Group trades, or the loss of any of these key relationships, could have a material impact on results. In response to this, significant time and resources are committed to developing these relationships to ensure they continue to operate satisfactorily. An example of this is newsprint which represents a significant proportion of the Group's costs. Newsprint prices are subject to volatility arising from variations in supply and demand and also exchange rate fluctuation due to the uncertainty caused by Brexit. The Group's newsprint requirements are managed by a dedicated newsprint buying team and monitored by senior management. Where possible, long term arrangements are agreed with suppliers to limit the potential for volatility.

Legal and regulatory
The Group's businesses are subject to varying legislation and regulation in the jurisdictions in which they operate. These typically cover such areas as: libel; competition; data protection; privacy; health and safety; and employment law. The UK Bribery Act is notable as having multi-jurisdictional reach, i.e. all of the Group's businesses across the globe are required to comply. It also extends beyond the Group's direct subsidiaries, covering associates, joint ventures and sales agents. Additionally the Group is party to more specific regulations such as from the Office of Fair Trading and the Audit Bureau of Circulation.

In 2012, Lord Justice Leveson released his report from the inquiry into culture, practices and ethics of the press. A breach of legislation or regulations could have a significant impact on the Group, both in terms of additional costs, management time and reputational damage. Equally, the management time and cost of defending legal cases can be significant. Compliance with laws and regulations is taken seriously throughout the Group. The DMGT code of conduct (and supporting policies) sets appropriate standards of business behaviour and highlights the key legal and regulatory issues affecting the Group's businesses and is available to all staff. Training and further guidance is provided where necessary. Controls are also in place surrounding compliance with the Audit Bureau of Circulation's regulations and other regulatory bodies to which the Group adheres.

Operational Risks

Reliance on IT infrastructure
The Group's businesses are dependent on technology to some degree, either through internal systems or software products. Disruption to the information technology infrastructure or failure to implement new product systems effectively could result in lost revenue and damage the Group's reputation. Dedicated project management teams are used to manage the risk in any development or change project and business continuity plans are in place and are regularly tested in each division to protect existing systems.

Pension scheme shortfalls
Although closed to new employees in 2009, the Group continues to operate defined benefit pension schemes for its newspaper divisions and certain senior executives. Reported earnings may be adversely affected by changes in pension costs and funding requirements due to lower than expected investment returns, changes in bond yields and changes in demographics, particularly longer life expectancy. A funding approach by the DMGT group and a revised asset allocation strategy, designed to reduce and diversify the risk inherent in the investment portfolios have been agreed and implemented and a risk managed working group has been established to consider all aspects of financial risk and potential solutions. The schemes remain neutral in cash flow terms and so do not currently need to sell assets.

Information security
Information security continues to be an important issue for all businesses across the Group. Public examples of data losses in the past have highlighted the importance of information security. The Group's divisions manage information security risks locally with the support and oversight from the DMGT Risk Committee on areas such as policy training and technology. Any future breach in data security could have a harmful impact on the Group's business and reputation.

Credit, cash and liquidity risk management
The Company manages its cash flow through its financing within the DMGT Group. The Company participates in the DMGT cash pooling arrangements and as such cash flow risk is managed at a group level. Details of the DMGT Group's management of this risk can be found in its consolidated financial statements which are publicly available.

The Company's principal credit risk relates to its trade debtors which it manages by establishing credit limits, checking potential customers' credit records and insuring invoices where appropriate.

Business continuity event (e.g. pandemic, epidemic, natural or manmade disaster)
The Company faces business continuity risk associated with an event such as a pandemic, epidemic, natural or manmade disaster. Despite the seamless transition by the Company's businesses to remote working, following the onset of COVID-19, this specific additional principal risk has been included to reflect the potential operational and financial consequences of such a business continuity event

As well as an immediate impact on operations, an event may have an extended effect, as is expected to be the case with the COVID-19 pandemic. The safety of employees on their commute, as well as in the workplace, is a priority and containment measures to control the pandemic are likely to continue to affect working practices for an extended period of time.

The Company has implemented a number of operational actions designed to preserve liquidity and reduce costs in response to COVID-19 including a salary substitution plan although the Company has not taken any government financial support and no employees have been furloughed. Variable costs have decreased naturally, due to reduced revenues. There have also been measured reductions in discretionary spending, further supporting the Company's cash generation.

Economic and geopolitical uncertainty
The significance of this risk has increased during the period because of the current COVID-19 pandemic and the containment measures put in place to control it. There is an increasing likelihood of an imminent and severe global recession.

Results
Operating profit for the year was £52,780,000 (2018: £28,676,000). This can be explained by higher turnover of £4,246,000 (0.7%) due to lower circulation and print advertising revenues offset by an increase in digital revenues and the impact of a service charge relating to the pension deficit of £17,300,000 in 2018. The profit for the financial year of the Company amounted to £46,633,000 (2018: £20,187,000). The directors recommend that no final dividend be paid (2018: £nil).

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Revenue	£'000	656,097	651,851
Operating profit	£'000	52,780	28,676
% Operating profit margin	%	8	4
Daily Mail (average issue print sale '000s)	Copies	1,166	1,228
The Mail on Sunday (average issue print sale '000s)	Copies	970	1,039
Metro (average issue distribution '000's)	Copies	1,420	1,470
MailOnline (average global daily visitors '000)	Visits	12,555	12,932
Employees (average monthly)	FTE	1,657	1,691
Net assets	£'000	608,498	580,676

Priorities in the year ahead

The advertising market continues to lack visibility and conditions are likely to remain volatile. Circulation volumes are expected to continue to decline. The cash operating income margin and operating margin will reflect a mix of the expected underlying revenue reduction, the benefit of continued cost efficiencies within the newspapers, MailOnline's growing profitability and the inclusion of the 'i'.

Employee involvement

The Company participates in the DMGT Group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

In order that employees have a common awareness of the dmg media group's financial performance the Company publishes news on a regular basis through its intranet portal "Myhub".

The Company encourages involvement in the Company's performance by maintaining a share purchase scheme which is available to all staff.

Employment of disabled persons

The Company gives full and fair consideration to suitable applications from disabled persons for employment. If existing employees become disabled they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training. The Company believes in equality, diversity and inclusion. The Company's equal opportunities policy is designed to comply with the Equality Act 2010 and the EHRC (Equality and Human Rights Commission) Employment Statutory Code of Practice, and to promote best practice.

Environmental matters

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Company's activities. As a member of the DMGT Group, the Company operates in accordance with DMGT Group policies, which are described in the DMGT Group Annual Report, which does not form part of this report. Initiatives designed to minimise the Company's net impact on the environment include the safe disposal of manufacturing waste, recycling and reducing energy consumptions.

Associated Newspapers Limited

Strategic Report for the Financial Year from 1 October 2018 to 29 September 2019 (continued)

Approved by the Board on 1/7/20 and signed on its behalf by:

....

J J S Welsh
Director

Date: 1/7/20

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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.

Independent auditors' report to the members of Associated Newspapers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Associated Newspapers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 29 September 2019 and of its profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 29 September 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jennifer Dickie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 July 2020

Associated Newspapers Limited

Income Statement for the Financial Year from 1 October 2018 to 29 September 2019

	Note	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Revenue	4	656,097	651,851
Other operating income		8,040	7,212
Operating profit	5	50,343	28,676
Interest receivable and similar income	7	6,099	2,451
Exceptional items	6	2,437	-
Profit before taxation		58,879	31,127
Tax on profit	8	(12,246)	(10,940)
Profit for the financial year		46,633	20,187

The above results were derived from continuing operations.

Associated Newspapers Limited

Statement of Comprehensive Income for the Financial Year from 1 October 2018 to 29 September 2019

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Profit for the financial year	46,633	20,187
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations (net)	(25,933)	114,450
Tax relating to items that will not be reclassified to profit or loss	4,409	(19,453)
Total other comprehensive (expense)/ income	(21,524)	94,997
Total comprehensive income for the year	25,109	115,184

The notes on pages 20 to 61 form an integral part of these financial statements.

Associated Newspapers Limited

Statement of Changes in Equity for the Financial Year from 1 October 2018 to 29 September 2019

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 2 October 2017	103,526	241,704	5,338	114,303	464,871
Profit for the financial year	-	-	-	20,187	20,187
Other comprehensive income	-	-	-	94,997	94,997
Total comprehensive income	-	-	-	115,184	115,184
Share based payment transactions	-	-	-	621	621
At 30 September 2018	103,526	241,704	5,338	230,108	580,676

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 October 2018	103,526	241,704	5,338	230,108	580,676
Profit for the financial year	-	-	-	46,633	46,633
Other comprehensive expense	-	-	-	(21,524)	(21,524)
Total comprehensive income	-	-	-	25,109	25,109
Share based payment transactions	-	-	-	2,713	2,713
At 29 September 2019	103,526	241,704	5,338	257,930	608,498

The notes on pages 20 to 61 form an integral part of these financial statements.

Associated Newspapers Limited

(Registration number: 00084121)
Statement of Financial Position as at 29 September 2019

	Note	29 September 2019 £ 000	30 September 2018 £ 000
Fixed assets			
Intangible assets	11	34,311	48,147
Property, plant and equipment	12	48,662	64,423
Investments	13	515	515
		83,488	113,085
Current assets			
Stocks	14	6,086	6,922
Debtors	15	511,885	405,623
Pension asset	18	252,450	260,750
Cash at bank and in hand		40	41
		770,461	673,336
Creditors: Amounts falling due within one year	16	(180,445)	(150,053)
Net current assets		590,016	523,283
Total assets less current liabilities		673,504	636,368
Creditors: Amounts falling due after more than one year			
Pension deficit liability	18	(7,600)	(3,996)
Provisions for liabilities	20, 8	(57,406)	(51,696)
Net assets		608,498	580,676
Capital and reserves			
Called up share capital	23	103,526	103,526
Share premium reserve		241,704	241,704
Other reserves		5,338	5,338
Retained earnings		257,930	230,108
Shareholders' funds		608,498	580,676

The financial statements on ~~pages 17 to 61~~ were authorised for issue by the Board on 1.7.2.0 and signed on its behalf by:

J J S Welsh, Director

The notes on pages 20 to 61 form an integral part of these financial statements.

Notes to the Financial Statements for the Financial year from 1 October 2018 to 29 September 2019

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:
Northcliffe House
2 Derry Street
London
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following new and amended IFRSs have been adopted during the period:
• IFRS 9, *Financial Instruments (effective 1 October 2018)*
• IFRS 15, Revenue from Contracts with Customers (effective 1 October 2018)
• IFRIC 22, Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)

IFRS 9, Financial Instruments replaced IAS 39, Financial Instruments: Recognition and Measurement. The key areas of IFRS 9 which affect the Company are those which relate to the recognition of impairment provisions against receivables, the treatment of available for sale investments and new hedging requirements.

In accordance with the transitional provisions of IFRS 9 the Company has adopted IFRS 9 on a modified retrospective basis such that comparative figures have not been restated and remain in line with the requirements of IAS 39.

IFRS 9 contains three principal classification categories for financial assets - Measured at Amortised Cost, Fair Value through Other Comprehensive Income (FVTOCI) and Fair Value through Profit and Loss (FVTPL) and eliminates the IAS 39 categories of held to maturity, loans and receivables and available for sale.

With regard to impairment provisions, IFRS 9 introduces the expected credit loss (ECL) model which requires an impairment provision to be made on initial recognition of the receivable which under IAS 39 was required only when a loss event occurred. IFRS 9 requires ECLs to be recognised by reference to historical recovery rates and forward-looking indicators. The Company has applied the simplified approach to trade receivables, contract assets and other receivables.

The IFRS 9 ECL model also applies to long-term receivables due from associates and joint ventures.

IFRS 15 Revenue from Contracts with Customers replaced IAS 18 Revenue. In accordance with the transitional provisions of IFRS 15 the Group has adopted IFRS 15 on a modified retrospective basis such that comparative figures have not been restated and remain in line with the requirements of IAS 18.

2 Accounting policies (continued)

The new revenue recognition standard introduced additional guidance surrounding performance obligations within sales contracts and the timing of revenue recognition. The standard introduces a five step model which will require judgement in their application, which are as follows:
- Identify the contract(s) with the customer
- Identify the separate performance obligations in the contract
- Determine the contract price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when each performance obligation has been satisfied

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for the Company's accounting periods beginning on or after 1 October 2019. These new pronouncements are listed below:
- IFRS 16, Leases (effective 1 January 2019)
- Amendment to IFRS 2, Share Based Payments - benefits (effective 1 January 2019 but not yet endorsed by the EU)
- IFRIC 23, Uncertainty over Income Tax Treatments (effective 1 January 2019 but not yet endorsed by the EU)

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3. The Company is a wholly-owned subsidiary of Daily Mail and General Trust plc and is included in the consolidated financial statements of Daily Mail and General Trust plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The annual financial statements are made up to the Sunday nearest to 30 September. The financial year ended 29 September 2019 consists of 52 weeks (2018: 52 weeks).

2 Accounting policies (continued)

Going concern

The directors have considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The Company is in a net current assets position as at 29 September 2019 however may be negatively impacted by COVID-19. The Company's parent, Daily Mail and General Trust plc ("DMGT") has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements. The Group has considered the impact of COVID-19 and has obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its trading subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income to assist in this assessment. In addition, the Group directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario the Group does not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants. After due consideration the Group directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence and provide financial support to its subsidiaries for at least twelve months from the date of this report.

After making enquiries, the directors of the Company therefore has a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for at least twelve months from the date of this report and have therefore continued to adopt the going concern basis in preparing the financial statements.

Summary of disclosure exemptions

Set out below are the applicable FRS 101 exemptions applied by the Company in preparing these financial statements.

Cash flow Statement

The Company is a wholly owned subsidiary of Daily Mail and General Trust plc (DMGT) and the cash flows of the Company are included in the consolidated cash flows of that company. Consequently the Company is exempt under the terms of IAS 1 Presentation of financial statements.

Related Party Transactions

The Company has taken advantage of the exemptions under IAS 24 "Related party disclosures" not to disclose compensation for key management personnel and transactions or balances with entities that are part of the DMGT Group.

Share Based Payments

The Company has taken advantage of the exemption to reduce the disclosure on share based payments to those required under paragraphs 44 and 45(a), (c) and (d) of IFRS 2.

2 Accounting policies (continued)

Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business net of value added tax, trade discounts and commission where applicable and is recognised using several methods. Circulation revenue is recognised on issue of the publication net of a returns provision. Advertising revenue is recognised on issue of the publication or over the period of the on-line campaign. Other operating income represents rent received net of value added tax recognised on the accruals basis.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Tax

Tax is charged or credited to the Income Statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold land and buildings	Period of lease
Plant and machinery	3-20 years

2 Accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Intangible assets

Purchased intangible assets relating to trademarks are capitalised and amortised through the profit and loss account over the lower of their useful economic lives, if any, and a period of 20 years. Any intangible assets with an indefinite life that are capable of continued measurement are reviewed annually for any impairment in value.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Intercompany trademarks	19 years straight-line
Trademarks	Reviewed annually
Software development costs	3-5 years

Investments

Investments in subsidiaries, joint ventures and other investments held for the long term, are stated at cost, less any provision for impairment, where appropriate.

Inventories

Inventories are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Provisions

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

2 Accounting policies (continued)

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive are also spread on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Defined benefit pension

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation or surplus is measured using the projected unit credit method. The present value of the defined benefit obligation or surplus is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. In accordance with the advice of independent qualified actuaries, in assessing whether to recognise a surplus, the Company has regard to the principals set out in IFRIC 14.

Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they arise. Past-service costs are recognised immediately in profit or loss.

2 Accounting policies (continued)

Share based payments

The Company has applied the requirements of IFRS 2 'Share-based Payment' to all grants of equity instruments after 7 November 2002.

Certain employees receive remuneration in the form of share-based payment, including shares or rights over 'A' Ordinary Non-Voting shares in Daily Mail and General Trust plc. The cost of equity-settled transactions with employees is measured initially by reference to the fair value of the instruments concerned at the date at which they are granted.

The fair value determined at the grant date of the equity-settled transactions is expensed over the vesting period, based upon the Directors' estimate of the shares that will eventually vest and adjusted for non-market based vesting conditions.

As the options are over shares in Daily Mail and General Trust plc ('DMGT'), a capital contribution is also recorded.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Contract discount and rebate provisions

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

Accruals and deferred income

The Company adopts the accruals concept with regard to costs and revenue by accounting for items in the year to which they relate.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. In addition to the judgement taken by management in selecting and applying the accounting policies set out above, management have made the following judgements concerning the amounts recognised in the financial statements.

Retirement benefit obligations

The cost of defined benefit pension plans is determined using actuarial valuations prepared by the DMGT Group's actuaries. This involves making certain assumptions concerning discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions and the resulting estimates are reviewed annually and, when appropriate, changes are made which affect the actuarial valuations and, hence, the amount of retirement benefit expense recognised in the Income Statement and the amounts of actuarial gains and losses recognised in the Statement of Changes in Equity.

Provisions and contingencies

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

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Forecasting

The Group prepares medium-term forecasts based on Board-approved budgets and up to four-year outlooks. These are used to support judgements made in the preparation of the Group's financial statements including the recognition of deferred tax assets, going concern assessment and for the purposes of impairment reviews. Longer-term forecasts use long-term growth rates applicable to the relevant businesses.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible or other assets are impaired or whether a reversal of an impairment should be recorded requires a comparison of the balance sheet carrying value with the recoverable amount of the asset or CGU. The recoverable amount is the higher of the value in use and fair value less costs to sell. The value in use calculation requires management to estimate the future cash flows expected to arise from the asset or CGU and calculate the net present value of these cash flows using a suitable discount rate. A key area of judgement is deciding the long-term growth rate and the operating cash flows of the applicable businesses and the discount rate applied to those cash flows.

Taxation

Being a multinational Group with tax affairs in many geographic locations inherently leads to a highly complex tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and actual tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. Such issues can take several years to resolve. The Group accounts for unresolved issues based on its best estimate of the final outcome, however, the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and, therefore, impact the Group's results and future cash flows. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets when it is more likely than not that there will be a cash impact. These provisions are made for each uncertainty individually on the basis of management judgement following consideration of the available relevant information. The measurement basis adopted represents the best predictor of the resolution of the uncertainty which is usually based on the most likely cash outflow. The company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. In addition, the Group makes estimates regarding the recoverability of deferred tax assets relating to losses based on forecasts of future taxable profits which are, by their nature, uncertain.

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Sale of goods and services	648,988	645,204
Other sales income	7,109	6,647
	656,097	651,851

Revenue from sale of goods and services can be split geographically as follows:

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Sales - UK	542,464	557,161
Sales - North America	64,499	48,992
Sales - Europe	41,546	38,571
Sales - Rest of world	479	480
	648,988	645,204

5 Operating profit

Arrived at after charging/ (crediting):

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Depreciation expense	13,214	14,011
Amortisation expense	13,836	16,077
Foreign exchange gains	(195)	(451)
Operating lease expense - land and buildings	10,096	9,791
Operating lease expense - plant and machinery	1,033	1,078
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	240	230
Pension service charge	1,864	17,300
Reorganisation (income)/ costs	-	2,300
(Gain)/ loss on disposal of fixed assets	(798)	1,250

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company are not required to be disclosed because the Daily Mail and General Trust plc consolidated financial statements disclose such fees on a consolidated basis.

Amortisation of intangible fixed assets includes £3,088,000 (2018: £5,329,000) that relates to amortisation of software development expenditure and £10,748,000 (2018: £10,748,000) that relates to the amortisation of trademarks.

There were research and development costs for the year of £450,000 (2018: £500,000), which is made up of employee costs of £450,000 (2018: £500,000).

6 Exceptional items

	Period ended 29 September 2019 £ 000	Period ended 30 September 2018 £ 000
Exceptional items	(2,437)	-

Exceptional items are a credit relate to the closure of the Company's print site at Didcot in 2017.

7 Interest receivable and similar income

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Interest on bank overdrafts and borrowings	315	1,057
Interest payable to group companies	984	636
Finance credit on pension deficit	(7,398)	(4,144)
	(6,099)	(2,451)

8 Tax on profit

Tax charged in the income statement:

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Current taxation		
UK corporation tax	7,430	6,926
UK corporation tax adjustment to prior years	605	(5,051)
	8,035	1,875
Deferred taxation		
Arising from origination and reversal of temporary differences	6,036	3,074
UK corporation tax adjustment to prior years	(1,825)	5,991
Total deferred taxation	4,211	9,065
Tax expense in the income statement	12,246	10,940

The above adjustments to prior years relate to changes in tax rules. The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%). The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	58,879	31,127

8 Tax on profit (continued)

	2019 £ 000	2018 £ 000
Corporation tax at standard rate	11,187	5,914
Increase/(decrease) in current tax from adjustment for prior years	605	(5,051)
Increase from effect of expenses not deductible in determining taxable profit	2,989	4,111
Deferred tax (credit)/expense from unrecognised temporary difference from a prior year	(1,825)	5,991
Other tax effects for reconciliation between accounting profit and taxable profit	(710)	(25)
Total tax charge	12,246	10,940

The main rate of UK corporation tax was 19% throughout the year, accordingly, current tax has been provided for at an effective rate of 19% in these financial statements.

Under FRS101, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was enacted in September 2016 to reduce the main rate of UK corporation tax from 19% to 17%. Hence, the tax rate of 17% has been applied in the calculation of deferred tax except where the timing difference is expected to reverse before 1 April 2020 in which case the appropriate rate has been used. Subsequently, in March 2020 and after the Balance Sheet date, further legislation was enacted to cancel the reduction of the main rate of corporation tax with 19% being retained for future periods. The deferred tax balances will be revised accordingly in the Financial Statements for the year ending 30 September 2020 and the effect to the deferred tax balance recognised as at 30 September 2019 will be that an additional asset of £220,000 will be recognised.

Deferred tax

Deferred tax assets and liabilities

2019	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	17,709	-	17,709
Accruals	787	-	787
Loans and borrowings	2,189	-	2,189
Pension benefit obligations	-	(41,347)	(41,347)
	20,685	(41,347)	(20,662)

8 Tax on profit (continued)

2018	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	18,546	-	18,546
Accruals	795	-	795
Loans and borrowings	2,189	-	2,189
Pension benefit obligations	-	(42,390)	(42,390)
	21,530	(42,390)	(20,860)

Deferred tax movement during the year

	At 1 October 2018 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 29 September 2019 £ 000
Accelerated tax depreciation	18,546	(837)	-	17,709
Accruals	795	(8)	-	787
Loans and borrowings	2,189	-	-	2,189
Pension benefit obligations	(42,390)	(3,366)	4,409	(41,347)
Net tax assets/(liabilities)	(20,860)	(4,211)	4,409	(20,662)

Deferred tax movement during the prior year

	At 2 October 2017 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 September 2018 £ 000
Accelerated tax depreciation	28,334	(9,788)	-	18,546
Accruals	445	350	-	795
Loans and borrowings	2,189	-	-	2,189
Pension benefit obligations	(23,310)	373	(19,453)	(42,390)
Net tax assets/(liabilities)	7,658	(9,065)	(19,453)	(20,860)

The directors are of the opinion that it is more likely than not that the level of profits in future financial years in the Company and the wider UK group will be sufficient to recover the recognised deferred tax asset.

There are £12,875,000 of deductible temporary differences (2018: £12,875,000) for which no deferred tax asset is recognised in the statement of financial position, which relates to other temporary differences where there is insufficient certainty that the difference will be utilised in the foreseeable future.

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Wages and salaries	125,383	118,780
Social security costs	15,130	15,135
Defined contribution pension costs	5,299	4,878
	145,812	138,793

Wages and salaries include share based payments to the value of £4,854,000 (2018: £3,716,000).

The monthly average number of persons employed by the Company (including directors) during the year analysed by category was as follows:

	Year ended 29 September 2019 Number	Year ended 30 September 2018 Number
Editorial	1,021	1,032
Advertising, sales and marketing	233	268
IT support	173	178
Pre-press and printing	116	107
Management and administration	100	87
Circulation and distribution	14	19
	1,657	1,691

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Aggregate emoluments	3,506	3,506
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	2,288	1,413
	5,794	4,919

During the year the number of directors who were receiving benefits and share incentives was as follows:

	Year ended 29 September 2019 Number	Year ended 30 September 2018 Number
Exercised share options	110,000	-
Accruing benefits under defined benefit pension scheme	1	2

In respect of the highest paid director:

	Year ended 29 September 2019 £ 000	Year ended 30 September 2018 £ 000
Aggregate emoluments	2,638	1,592
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	2,288	1,014
Exercised share options	110	-

The emoluments of The Viscount Rothermere are paid by the parent company, Daily Mail and General Trust plc. His services to the Company and to a number of fellow group companies are of a non-executive nature and emoluments are deemed to be wholly attributable to the services to the parent company. Accordingly, the above details include no emoluments in respect of The Viscount Rothermere. These are fully disclosed in the financial statements of Daily Mail and General Trust plc.

Associated Newspapers Limited

Notes to the Financial Statements for the Financial year from 1 October 2018 to 29 September 2019 (continued)

11 Intangible assets

	Goodwill £ 000	Trademarks £ 000	Software development costs £ 000	Total £ 000
Cost or valuation				
At 1 October 2018	89,586	43,000	17,690	150,276
Disposals	-	-	(835)	(835)
At 29 September 2019	89,586	43,000	16,855	149,441
Accumulated amortisation				
At 1 October 2018	(89,586)	-	(12,543)	(102,129)
Amortisation charge	-	(10,748)	(3,088)	(13,836)
Amortisation eliminated on disposals	-	-	835	835
At 29 September 2019	(89,586)	(10,748)	(14,796)	(115,130)
Carrying amount				
At 29 September 2019	-	32,252	2,059	34,311
At 30 September 2018	-	43,000	5,147	48,147

12 Property, plant and equipment

	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 1 October 2018	30,152	85,431	115,583
Additions	-	5,934	5,934
Disposals	(8,219)	(850)	(9,069)
Reclassifications	-	(12)	(12)
At 29 September 2019	21,933	90,503	112,436
Accumulated depreciation			
At 1 October 2018	(9,598)	(41,562)	(51,160)
Charge for the period	(1,294)	(11,920)	(13,214)
Eliminated on disposal	-	588	588
Reclassifications	-	12	12
At 29 September 2019	(10,892)	(52,882)	(63,774)
Carrying amount			
At 29 September 2019	11,041	37,621	48,662
At 30 September 2018	20,554	43,869	64,423

During the year there was a reclassification between cost and accumulated depreciation within Plant and machinery. This has no net impact on the balance sheet.

13 Investments

	Subsidiaries £ 000	Total £ 000
Cost or valuation		
At 1 October 2018	71,313	71,313
Disposals	(66,900)	(66,900)
At 29 September 2019	4,413	4,413
Provision		
At 1 October 2018	(70,798)	(70,798)
Eliminated on disposals	66,900	66,900
At 29 September 2019	(3,898)	(3,898)
Carrying amount		
At 29 September 2019	515	515
At 30 September 2018	515	515

In the opinion of the directors, the value of the investments in subsidiaries and associates and other investments is not less than their book values.

During the year the Company disposed of its investment in Associated Newspapers (Ireland) Holdings Limited and Stennet Websites Plc, both for nil gain nil loss.

All subsidiaries and associates, except where indicated, operate principally within the United Kingdom and are registered in England and Wales.

13 Investments (continued)

Subsidiaries

Details of the subsidiaries as at 29 September 2019 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and registered office	Proportion of ownership interest and voting lefts held 29 September 2019
MailLife Financial Services Limited	Dormant	United Kingdom	100%
Daily Mail Limited	Dormant	United Kingdom	100%
The Mail on Sunday Limited	Dormant	United Kingdom	100%
Associated Newspapers (Ireland) Limited	Publishing of newspapers	Ireland	100%

Associates

Details of the associates as at 29 September 2019 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held 29 September 2019	 30 September 2018
ES London Limited	Newspaper publishing	United Kingdom	30%	30%
Northprint Manchester Limited	Dormant	United Kingdom	50%	50%

13 Investments (continued)

Registered offices

Northcliffe House
2 Derry Street
London
W8 5TT

The above address is the registered office for MailLife Financial Services Limited, Daily Mail Limited, The Mail on Sunday Limited and ES London Limited.

Northprint Manchester Limited
PO BOX 68164 Kings Place
90 York Way
London
N1P 2AP

14 Inventories

	29 September 2019 £ 000	30 September 2018 £ 000
Raw materials and consumables	6,086	6,922

There is no material difference between the balance sheet value of stocks and their replacement value.

15 Trade and other receivables less than one year

	29 September 2019 £ 000	30 September 2018 £ 000
Trade receivables	105,668	38,532
Amounts due from group undertakings	382,851	337,371
Other debtors	416	2,946
Prepayments and accrued income	22,950	26,774
Total current trade and other receivables	511,885	405,623

Amounts owed to group undertakings are repayable on demand and interest free.

16 Creditors: amounts falling due within one year

	29 September 2019 £ 000	30 September 2018 £ 000
Current liabilities		
Trade payables	4,136	2,643
Accruals and deferred income	58,389	56,549
Amounts owed to group undertakings	103,016	78,803
Social security and other taxes	3,227	2,320
Other creditors	4,495	2,824
Amounts payable for group relief to DMGT entities	7,182	6,914
	180,445	150,053

Included within amounts owed to group undertakings is a loan from Daily Mail and General Holdings Limited of £82,332,000 (2018: £58,926,000). Interest is charged at 0.5% above base rate and the loan is repayable on demand. All other amounts owed to group undertakings are repayable on demand and interest free.

The purchase ledger is operated by A&N Media Finance Services Limited, a fellow subsidiary of DMGT.

17 Obligations under leases and hire purchase contracts

Operating leases

The Company had annual commitments under non-cancellable operating leases for plant and machinery and land and buildings.

The total future value of minimum lease payments is as follows:

	29 September 2019 £ 000	30 September 2018 £000
Within one year	11,451	11,114
Between one to five years	26,474	36,666
After more than five years	803	936
	38,728	48,716

18 Pension and other schemes

The Company operates a number of pension schemes. These include defined contribution pension arrangements and defined benefit pension arrangements. The defined benefit schemes, together with some defined contribution plans, are administered by Trustees or Trustee Companies. The total net pension costs of the Company for the period ended 29 September 2019 were £5.5 million (2018: £1.7 million).

Defined benefit pension schemes

Background

The Company operates two main defined benefit schemes, the Harmsworth Pension Scheme (HPS) and the Senior Executive Pension Scheme (SEPF), both of which are now closed to new entrants and to further accrual.

Full actuarial valuations of the defined benefit schemes are carried out triennially by the scheme actuary. Prior to its closure to future accrual on 1 January 2016, the Company made annual contributions of 12.0 % or 18.0 % of members' basic pay (depending on membership section) to HPS . Following the results of the latest triennial valuation as at 31 March 2016, the Company, together with Daily Mail and General Holdings Limited (DMGH), a fellow DMGT Group company, agreed a Recovery Plan involving a series of annual funding payments, to be split between the Company and DMGH, of £13.0 million on 5 October 2016 to 2018, £16.2 million on 5 October 2019 to 2025 and £76.2 million on 5 October 2026. The Company and DMGH considers that these contributions are sufficient to eliminate the deficit over the agreed period. This Recovery Plan will be reviewed at the next triennial funding valuation of the main schemes due to be completed with an effective date of 31 March 2019.

The Company has agreed with the Trustees, that should there be any permanent reductions in DMGT's capital, including share buy-backs, it will make additional contributions to the schemes amounting to 20% of the capital reduction. Contributions of £nil relating to this agreement were made in the year (2018: £nil).

18 Pension and other schemes (continued)

Limited Partnership investment vehicle

HPS owns a beneficial interest in a Limited Partnership investment vehicle (LP). The LP has been designed to facilitate payments of £10.8 million as part of the deficit funding payments described above over the period to 2026. In addition, the LP is required to make a final payment to the scheme of £149.9 million, or the funding deficit within the scheme on an ongoing actuarial valuation basis, at the end of the period to 2026 if this is less. The Recovery Plan above assumes £60.0 million of the £149.9 million final payment is required. HPS's interest in the LP is treated as an asset of the scheme and reduces the actuarial deficit within the scheme.

The Trustee has developed a comprehensive approach to managing the Scheme's investment strategy to ensure it is always aligned with the Strategic Plan of becoming fully funded on a gilts +0.5 % funding basis by 2028. This approach is defined in the Trustee's Strategic Plan whose overriding objective is to set out a framework for reducing investment risk as and when the improvement in the Scheme's funding position allows.

This framework defines a series of triggers which present opportunities for the Trustee to reduce risk either by reducing the allocation to return seeking assets, such as equities and increasing the interest rate and inflation hedge or a combination of the two.

The figures in this note are based on calculations using membership data as at 30 September 2019 along with asset valuations and cash flow information from the schemes for the year to 30 September 2019.

A reconciliation of the net pension obligation reported in the Consolidated Statement of Financial Position is shown in the following table:

	At 29 September 2019	At 29 September 2019	At 29 September 2019	At 30 September 2018	At 30 September 2018	At 30 September 2018
	Schemes in surplus	Schemes in deficit	Total	Schemes in surplus	Schemes in deficit	Total
	£m	£m	£m	£m	£m	£m
Present value of defined benefit obligation	(1,855.2)	(40.7)	(1,895.9)	(1,621.2)	(38.1)	(1,659.3)
Assets at fair value	2,107.6	33.1	2,140.7	1,882	34.1	1,916.1
Surplus/ (deficit) reported in the Consolidated Statement of Financial Position	252.4	(7.6)	244.8	260.8	(4)	256.8

18 Pension and other schemes (continued)

The IAS 19 accounting surplus/(deficit) data above differs to the triennial actuarial surplus/(deficit) calculation used in the assessment of future funding obligations. There are a number of reasons for this - the actuarial valuation is as at the Schemes' year end date of 31 March and is calculated triennially based on more prudent assumptions including those covering discount rates and mortality. IAS 19 requires the Company to use best estimate assumptions.

The International Financial Reporting Interpretations Committee, in its document IFRIC 14, has interpreted the extent to which a company can recognise a pension surplus on its Statement of Financial Position.

In relation to HPS and the SEPF, having taken account of the rules of the Schemes, the Company has an unconditional right to a refund of any surplus under IFRIC 14 and considers that the recognition of surpluses in these Schemes on its Statement of Financial Position is in accordance with the interpretations of IFRIC 14.

In relation to an Additional Voluntary Contribution scheme (AVC), having taken account of the rules of the Scheme, the Company does not have an unconditional right to a refund under IFRIC14. However, at 30 September 2019 the AVC Plan showed a deficit and no contributions are payable into the AVC Plan. Therefore no asset ceiling needs to be applied to restrict surplus on the balance sheet and no additional minimum funding liability is needed under IFRIC 14.

IFRIC 14 is in the process of being revised which may lead to a reassessment of the Company's recognition of any pension surplus on its Statement of Financial Position.

The deficit for the year, set out above, excludes a related deferred tax liability of £41.3 million (2018: £42.4 million).

Contributions payable to the pension scheme at the end of the year are £nil (2018: £nil).

18 Pension and other schemes (continued)

Scheme liabilities

A reconciliation of the present value of the defined benefit obligation is shown in the following table:

	29 September 2019 £ 000	30 September 2018 £ 000
Present value at start of period	1,659,300	1,715,637
Past service cost	1,900	17,300
Actuarial (gain)/ loss as a result of changes in demographic assumptions	2,000	(10,000)
Actuarial (gain)/ loss as a result of changes in financial assumptions	259,600	(38,137)
Actuarial (gain)/ loss as a result of membership experience	2,100	(4,400)
Interest cost	45,400	43,700
Net benefit payments	(74,400)	(64,800)
Present value at end of period	1,895,900	1,659,300

Scheme assets

A reconciliation of the fair value of assets is shown in the following table:

	29 September 2019 £ 000	30 September 2018 £ 000
Fair value at start of period	1,916,100	1,865,755
Interest income	52,800	47,900
Return on plan assets, excluding amounts included in interest income on scheme assets	237,000	65,200
Member contribution	8,516	2,045
Net benefit payments	(74,400)	(64,800)
Fair value at end of period	2,140,016	1,916,100

18 Pension and other schemes (continued)

Analysis of assets

The fair value of the assets is categorised as follows:

	Note	At 29 September 2019 £m	At 29 September 2019 %	At 30 September 2018 £m	At 30 September 2018 %
Equity	(i)				
- Investment funds		215,000	10	277,300	15
- Private equity		124,300	6	126,000	7
Liability driven investments	(ii)	541,100	25	369,900	19
Bonds and loans	(iii)	764,800	36	650,300	29
Property	(iv)	307,400	14	327,900	17
Infrastructure		140,600	7	136,900	7
Cash / other		47,500	2	27,800	1
Total assets		2,140,700	100	1,916,100	100

18 Pension and other schemes (continued)

(i) Equities include hedge funds and infrastructure funds. Quoted securities in active markets are valued at the latest available bid price at the reporting date.

Private equity and infrastructure funds are valued by investment managers using appropriate valuation techniques. These are derived from market based multiples and discount rates of comparable quoted businesses or market transactions which have been determined by the Trustees' investment advisors to represent fair value.

(ii) Bonds and credit assets include corporate bonds, distressed credit and loans. Corporate bonds are held in unitised pooled investment vehicles and are valued at the latest available bid price provided by the pooled investment manager. Distressed credit and loans are valued by the investment managers using relevant valuation techniques.

(iii) Liability Driven Investment funds (LDI) are a collateralised portfolio of gilt repo and swap contracts designed to hedge circa 50 % (by value of assets) of the scheme's inflation and discount rate risks. These are independently valued using quoted prices and for OTC instruments by the investment manager using recognised discounting techniques.

(iv) The Schemes' property portfolio represent a mixture of industrial, retail, office and leisure. These assets are independently valued at open market value at 31 March each year with subsequent changes in value based on changes in the Investment Property Databank Index (IPD) which tracks retail, office and industrial property transactions.

The value of employer-related assets held on behalf of the schemes at 29 September 2019 was £nil (0.0 % of assets), (2018: £nil, 0.0 % of assets).

18 Pension and other schemes (continued)

Principal actuarial assumptions

The main financial assumptions are shown in the following table:

	29 September 2019 %	30 September 2018 %
Discount rate	1.80	2.80
Pension increases	3.00	3.10
Price inflation	3.10	3.25

The discount rate for both scheme liabilities and the fair value of scheme assets reflects yields at the year-end date on high-quality corporate bonds and are based on a cash flow-based yield curve, calculating a single equivalent discount rate reflecting the average duration of the schemes' liabilities, rounded to the nearest 0.05 % p.a. This methodology incorporates bonds given an AA rating from at least two of the main four rating agencies (Standard and Poors, Moody's, Fitch and DBRS).

RPI inflation is derived in a similar way to the discount rate but with reference to the Bank of England spot curve at the duration of the schemes' weighted averaged duration with an appropriate allowance for inflation risk premium (0.20 % p.a.), rounded to the nearest 0.05 % p.a.

Mortality assumptions take account of scheme experience, and also allow for further improvements in life expectancy based on the Continuous Mortality Investigation (CMI) projections but with a long-term rate of improvement in future mortality rates of 1.25 % p.a. Allowance is made for the extent to which employees have chosen to commute part of their pension for cash at retirement.

The average duration of the defined benefit obligation at the end of the year is approximately 18 years (2018: 18 years).

18 Pension and other schemes (continued)

Post retirement mortality assumptions

The table below illustrates examples of the assumed average life expectancies from age 60 for the principal schemes:

	29 September 2019	30 September 2018
Current UK pensioners at retirement age - male	26.70	26.20
Current UK pensioners at retirement age - female	28.30	28.20
Future UK pensioners at retirement age - male	27.10	26.70
Future UK pensioners at retirement age - female	29.00	29.20

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Amounts recognised in the income statement

The amounts charged to the Consolidated Income Statement relating to the Group's defined benefit schemes, based on the above assumptions are shown in the following table:

	29 September 2019 £ 000	30 September 2018 £ 000
Amounts recognised in operating profit		
Current service cost	1,900	-
Amounts recognised in finance income or costs		
Recognised in other finance cost	7,400	4,144
Total recognised in the income statement	5,500	4,144

Sensitivity analysis

Pension costs and the size of any pension surplus or deficit are sensitive to the assumptions adopted. The table below indicates the effect from changes in the principal assumptions used above:

18 Pension and other schemes (continued)

	29 September 2019	30 September 2018
Adjustment to discount rate	**£ 000**	**£ 000**
Change in pension obligation at 1 October 2018 from a 0.1 % p.a. decrease	30,300	29,400
Change in pension cost from a 0.1 % p.a. decrease	600	900

	29 September 2019	30 September 2018
Adjustment to rate of inflation	**£ 000**	**£ 000**
Change in pension obligation at 1 October 2018 from a 0.1 % p.a. increase	14,100	26,000
Change in pension cost from a 0.1 % p.a. increase	200	600

	29 September 2019	30 September 2018
Adjustment to mortality age rating assumption	**£ 000**	**£ 000**
Change in pension obligation at 1 October 2018 from a one year increase in life expectancy	67,600	51,600
Change in pension cost from a one-year increase	1,200	1,400

Risks

Investment risk
This is a measure of the uncertainty that the return on the schemes' assets meet the return necessary to fund pension obligations. The schemes hold a significant proportion of equities, but during the period have been reallocating some of these investments into credit and property investments which exhibit lower volatility of return and the LDI investments.

Inflation risk
A significant proportion of the defined benefit obligation is linked to inflation, therefore increased inflation will result in a higher pension obligations. The Trustees have sought to acquire certain assets with exposure to inflationary uplifts in order to negate a proportion of this risk.

Life expectancy risk
The present value of the defined benefit obligation is calculated with reference to the best estimate of the mortality of scheme members. An increase in assumed life expectancy will result in an increase in the defined benefit obligation. Regular reviews of mortality experience are performed to ensure life expectancy assumptions remain appropriate.

18 Pension and other schemes (continued)

Discount rate risk

The present value of the defined benefit obligation is calculated using a discount rate set with reference to high-quality corporate bond yields. A decrease in corporate bond yields will increase the present value of the defined benefit obligation, although this will be partially offset by bonds and the LDI investment funds which reduce the gilt rate risk by hedging approximately 65% of the schemes' risk (by value of assets).

Amounts taken to the Statement of Comprehensive Income

A history of experience gains and losses is shown in the following table:

	At 29 September 2019 £m	At 30 September 2018 £m
Present value of defined benefit obligation	(1,895.9)	(1,659.3)
Fair value of scheme assets	2,140.7	1,916.1
Combined surplus in schemes	244.8	256.8
Experience adjustments on defined benefit obligation	(263.7)	51.7
Experience adjustments on fair value of scheme assets	237.8	65.2

UK defined contribution plans

The Group has introduced a number of PensionSaver group personal pension plans that have replaced the trust-based defined contribution pension plans previously offered to employees. These plans create a consistent pensions savings vehicle across all Group segments. The benefits for all members of the trust-based plans have been transferred to individual policies held in the member's own name and the scheme is now wound up. Insured death benefits previously held under this trust have already been transferred to a new trust-based arrangement specifically for life assurance purposes.

The aggregate value of personal pension plans was £159.2m (2018: £140.1 million) at the year end. The pension cost attributable to these plans during the year amounted to £5.3 million (2018: £4.9 million).

19 Share-based payments

The Company recognised a total expense of £4,854,393 (2018: £3,716,140) in respect of share options and share awards granted by DMGT to employees of the Company.

Share options

The Company's parent, DMGT, operates a share option scheme under which grants have been made to senior executives of the Group, including certain employees of the Company. All options are granted at market value at the date of grant and do not require any payment. The options are not normally exercisable before the third anniversary of the date of grant and in all circumstances will lapse if not exercised within ten years. There are no performance indicators, except for directors of the DMGT board and members of the DMGT Investment and Finance Committee.

DMGT also operates a Long Term Incentive Plan for its executive directors and certain other senior managers. For 2007 and earlier awards, prospective participants were invited annually to commit DMGT 'A' ordinary shares they own to this plan. If the total shareholder return of DMGT beats that of a peer group of twelve other media companies over a five or seven year period, a matching award will be made.

The fair value of share options for each of these schemes was determined using a Black -Scholes model. Full details of inputs to the models, particular to each scheme, are set out below. With respect to all schemes, the share price volatility has been estimated, based upon relevant historic data in respect of the DMGT 'A' Ordinary share prices.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability.

The Group did not re-price any of its outstanding options during the year.

Full details of these schemes are set out in DMGT's Remuneration Report, included within its 2019 Annual Report and Accounts.

Details of share options outstanding at the balance sheet date with respect to employees, granted since 27 June 2012, are as follows:

19 Share-based payments (continued)

	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		£		£
DMGT 2006 Executive Share Option Scheme				
Outstanding at start of the period	375,000	6.40	330,000	6.72
Granted during the period	270,000	5.91	100,000	6.40
Lapsed during the year	(30,000)	7.06	(55,000)	8.35
Exercised during the period	(15,543)	6.81	-	-
Modified during the period	22,274	5.83	-	-
Outstanding at period end	621,731	5.90	375,000	6.40
Exercisable at 29 September 2019	114,764	7.37	140,000	5.31
Exercisable at 30 September 2018	140,000	5.31	150,000	5.66

The options outstanding at 29 September 2019 had a weighted average remaining contractual life of 6.84 years (2018: 5.88 years).

The aggregate of the estimated fair values of the options granted during the year is £226,000 (2018: £94,000).

The inputs into the Black-Scholes model are as follows:

Scheme type	Options under the DMGT 2006 Executive Share option scheme						
Date of grant	27 June 2012	9 December 2013	10 December 2014	14 December 2015	6 December 2016	8 February 2018	25 January 2019
Market value of shares at date of grant (p)	374.0	881.0	798.0	681.0	759.0	618.0	569.3
Option price (p)	374.0	881.0	798.0	681.0	759.0	618.0	569.3
Number of share option outstanding	103624	25906	15543	15542	77718	103621	310863
Term of options (years)	10	10	10	10	5	10	10
Assumed period of exercise after vesting (years)	7	5	5	7	2	7	7
Exercise price (p)	374.0	881.0	798.0	681.0	759.0	618.0	569.1

19 Share-based payments (continued)

Scheme type	**Options under the DMGT 2006 Executive Share option scheme**						
Risk-free rate	1.00%	1.50%	1.08%	1.19%	1.25%	0.82%	0.81%
Expected dividend yield (%)	4.43%	2.00%	2.77%	3.26%	3.02%	3.24%	3.59%
Volatility	30.00%	25.00%	25.70%	25.10%	26.00%	27.88%	27.95%
Fair value per option (p)	70.0	169.1	130.6	93.0	83.0	94.0	83.8

Nil-cost options under the DMGT Executive Bonus Scheme
Since December 2009 a portion of the bonus earned by Executive Directors under the Executive Bonus Scheme has been deferred into shares in the form of nil-cost options. These options are to the value of the equity portion of the bonus and are fully expensed in the year in which they are earned.

	2019		**2018**	
	Number of share options	**Weighted average exercise price**	**Number of share options**	**Weighted average exercise price**
		£		**£**
Nil-cost options				
Outstanding at start of the period	27,208	-	12,804	-
Granted during the period	12,729	-	14,404	-
Exercised during the period	(13,416)	-	-	-
Modified during the period	1,908	-	-	-
Outstanding at period end	28,429	-	27,208	-
Exercisable at 29 September 2019	-	-	-	-
Exercisable at 30 September 2018	12,804	-	12,804	-

The awards outstanding at 29 September 2019 had a weighted average remaining contractual life of 5.72 years (2018 5.32 years).

The aggregate of the estimated fair values of the awards made during the year is £nil (2018 £87,000).

19 Share-based payments (continued)

	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		£		£
DMGT Long Term Incentive Plan				
Outstanding at start of the period	1,015,704	-	1,052,396	-
Granted during the period	518,856	-	318,687	-
Exercised during the period	(311,617)	-	(335,379)	-
Lapsed during the year	-	-	(20,000)	-
Modified during the period	58,479	-	-	-
Outstanding at period end	1,281,422	-	1,015,704	-
Exercisable at 29 September 2019	-	-	-	-
Exercisable at 30 September 2018	-	-	-	-

The awards outstanding at 30 September 2019 had a weighted average remaining contractual life of 1.2 years (2018 1.4 years).

The aggregate of the estimated fair values of the awards made during the year is £13.6m (2018 £2.2m).

(i) As part of the Euromoney disposal, the DMGT Remuneration Committee's approved principle was that participants in DMGT share awards should neither be advantaged nor disadvantaged as compared to participating shareholders. In order to meet this principle all unvested share awards prior to the Euromoney distribution on 2 April 2019, were uplifted by 4.8%. In the tables above this has been described as a modification.

The inputs into the Black-Scholes model are as follows:

19 Share-based payments (continued)

Scheme type	Options under the DMGT Long Term Incentive Plan								
Date of grant	22 Dec 2014	14 Dec 2015	28 Feb 2017	14 Dec 2017	18 Jan 2018	14 Jun 2018	13 Aug 2018	14 Dec 2018	14 Dec 2018
Market value of shares at date of grant (p)	800.0	681.0	694.0	543.0	543.0	543.0	724.0	629.0	629.0
Award price (p)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of awards outstanding	305261	362772	201266	60359	188646	23263	38394	333171	210497
Term of awards (years)	5.0	5.0	3.0	3.0	3.0	3.0	3.0	2.0	3.0
Assumed period of exercise after vesting (years)	-	-	-	-	-	-	-	-	-
Exercise price (p)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free rate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Volatility	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fair value per award	800.0	681.0	694.0	543.0	543.0	543.0	724.0	607.0	607.0

20 Provisions for liabilities

	Other provisions £ 000
At 1 October 2018	30,836
Charge	28,561
Provisions utilised	(22,653)
At 29 September 2019	36,744

Other provisions of £36,744,000 (2018: £30,836,000) relate to legal and libel of £3,192,000 (2018: £4,074,000), redundancy of £0 (2018: £269,000), contract discounts and rebates of £28,987,000 (2018: £22,067,000), coupons of £142,000 (2018: £262,000), dilapidations of £1,705,000 (2018; £1,666,000), MyMail points provision of £318,000 (2018: £351,000) and others of £2,400,000 (2018: £2,147,000). It is expected that the majority of this expenditure will be incurred in the next financial period and that all will be incurred within three years of the period end date.

21 Commitments

The Company has entered into agreements with certain printers for periods up to 2024 at competitive prices to secure supply. At the period end the commitment to purchase printing capacity over the period was £40.0 million (2018: £29.1 million).

The Group entered into arrangements with its ink suppliers to obtain ink for the period to September 2026 at competitive prices to secure supply. At the period end, the commitment to purchase ink over this period was £21.7 million (2018: £21.7 million).

22 Contingent liabilities

The Company, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow subsidiaries of the Daily Mail and General Trust plc Group. The maximum liability under the guarantee is limited to the credit balances on those bank accounts which are part of the interest set-off arrangement together with the proceeds of any items in the course of collection for the credit of such bank accounts. At 29 September 2019 the potential liability was £37,000 (2018: £37,000).

23 Called up share capital

Allotted, called up and fully paid shares

	At 29 September 2019		At 30 September 2018	
	Number 000	£000	Number 000	£000
Ordinary of £0.25 each	414,102,906	103,525,727	414,102,906	103,525,727

24 Related party transactions

During the year, the Company carried out a number of transactions with related parties in the normal course of business.

The Company has a 50.0% (2018: 50.0%) shareholding in Northprint Manchester Limited, a non-trading joint venture. The net amount due to the Company of £5,800,000 (2018: £5,800,000) has been fully provided against.

The Company has taken advantage of the exemption under IAS 24 "Related party disclosure" for wholly-owned subsidiaries not to disclose transactions and balances with fellow subsidiaries and group related parties. The Company has also taken advantage of the exemption not to disclose key management compensations.

25 Ultimate parent company and controlling party

The Company's ultimate parent Company is Rothermere Continuation Limited (RCL), a company incorporated in Bermuda.

Rothermere Continuation Limited (RCL) is a holding company incorporated in Bermuda. The main asset of RCL is its 100% holding of DMGT's issued Ordinary shares. RCL has controlled DMGT for many years and as such is its immediate parent company. RCL is controlled by a discretionary trust ("the Trust") which is held for the benefit of Viscount Rothermere and his immediate family. The Trust represents the ultimate controlling party of the Company. Both RCL and the Trust are administered in Jersey, in the Channel Islands. RCL and its directors, and the Trust are related parties of the Company.

Relationship between entity and parents

The largest and smallest group of which the Company is a member and from which group financial statements are drawn up is that of Daily Mail and General Trust Plc, incorporated in the United Kingdom.

Copies of the report and financial statements are available from the Company Secretary at:
Northcliffe House
2 Derry Street
London
UK
W8 5TT

26 Post Balance Sheet Events

In November 2019, DMGT acquired the 'i', the UK national newspaper and website, for £50m cash consideration. The 'i' has an established reputation for quality journalism and in 2018 generated £11m in cash operating income and operating profit from £34m of revenue. The acquisition is both strategically and financially compelling and there is scope for potential synergies in the future, notably from dmg media's existing infrastructure and in advertising sales. The 'i' will sit within DMGT's 'Predictable performers' category. The business will benefit from DMGT's long-term approach and commitment to investing in editorial content.

On 5 December 2019, pursuant to a consolidation of the Group's holding structure, the Company's ultimate parent company, Rothermere Continuation Limited (RCL) was acquired by Rothermere Investments Limited (RIL), a company incorporated in Jersey, in the Channel Islands. RIL now holds 100% of DMGT's issued Ordinary Shares. The underlying control of DMGT, however, remains unchanged and continues to lie with a discretionary trust (the Trust) that is held for the benefit of Lord Rothermere and his immediate family. Both RIL and the Trust are administered in Jersey. RIL and its directors, and the Trust are related parties of the Company. RIL has subsequently renamed itself RCL.

On 30 January 2020 the World Health Organisation (WHO) declared a Health Emergency and on 11 March 2020 a Global Pandemic following the outbreak of Coronavirus (COVID-19).

IAS 10, Events After the Reporting Period, describes an adjusting post balance sheet event as one which provides evidence of conditions which existed at the balance sheet date which may lead to adjustments in the Company's financial statements and describes a non-adjusting post balance sheet event as one which is indicative of conditions that arose after balance sheet date.

Since a decline in future cash flows could result in an impairment of the Company's assets the Company has classified the COVID-19 pandemic as a non-adjusting post balance sheet event since the pandemic occurred after the balance sheet date.

As part of their assessment of the impact of the COVID-19, the Directors of the Group have obtained new five-year trading forecasts which have been re-modelled to incorporate a pessimistic scenario and a plausible but severe scenario for the period through to 30 September 2021, from its operating subsidiaries together with short term projections from certain associates and financial assets at fair value through other comprehensive income. These forecasts and projections have been used in the assessment of the carrying values of these subsidiaries, associates and financial assets at fair value through other comprehensive income. In addition, the Directors considered the availability of the Group's committed but undrawn bank facilities of £380.0 million which expire in March 2023. In this severe but plausible scenario, the Group did not forecast a draw down on its bank facilities nor does it forecast a breach of its banking covenants.