Registration number: 00084121

Associated Newspapers Limited

Annual Report and Financial Statements

for the 53 week period from 27 September 2021 to 2 October 2022

Associated Newspapers Limited

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Associated Newspapers Limited

Company Information

Directors	The Viscount Rothermere R Caccappolo J J S Welsh
Company secretary	F L Sallas
Registered office	Northcliffe House 2 Derry Street London England W8 5TT
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 53 week period from 27 September 2021 to 2 October 2022

The directors present their Annual Report on the affairs of Associated Newspapers Limited ("the Company"), together with the audited financial statements and Independent Auditors' report for the 53 week period from 27 September 2021 to 2 October 2022 (the "period").

The annual financial statements are made up to the Sunday nearest to 30 September. The financial period ended 2 October 2022 consists of 53 weeks (2021: 52 weeks).

The principal risks and uncertainties of the Company and details of the results 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

The Company will continue to harness the value of the Mail and 'i' brands for both readers and advertisers and invest in the quality of their popular journalism. The advertising market inherently lacks visibility and conditions are likely to remain both challenging and volatile until economic confidence returns. Circulation volumes of the Mail and 'i' are expected to decline from current levels. The cash operating income margin and operating margin will reflect a mix of the revenue dynamics and the benefit of continued cost efficiencies within the newspapers.

Directors' Report for the 53 week period from 27 September 2021 to 2 October 2022 (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 of £122.2 million excluding the pension surplus (2021: £344.6 million), as at 2 October 2022. The directors have considered the amounts due from group undertakings as recoverable and after due consideration the directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report.

After making enquiries, the directors of the Company therefore have 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 7 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 S234 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 £16,498,000 from Associated Newspapers (Ireland) Limited (2021: £nil) and paid dividends of £nil (2021: £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 (resigned 17 November 2021)
J J S Welsh (resigned 29 September 2021)
T W Than (appointed 29 September 2021 and resigned 1 July 2022)
R Caccappolo (appointed 17 November 2021)
J J S Welsh (appointed 11 November 2021)

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.

Associated Newspapers Limited

Directors' Report for the 53 week period from 27 September 2021 to 2 October 2022 (continued)

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Approved by the Board on 21 December 2022 and signed on its behalf by:

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J J S Welsh
Director

Associated Newspapers Limited

Strategic Report for the 53 week period from 27 September 2021 to 2 October 2022

The directors present their Strategic Report for the 53 week period from 27 September 2021 to 2 October 2022.

The Company is a wholly owned subsidiary of Daily Mail and General Trust plc ("DMGT plc Group" or "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.

Revenue grew during the year, including growth from Metro which has benefited from some recovery in commuter volumes. Revenue growth was also due to an extra week's trading, as FY 2022 was a 53-week year. Circulation volumes of the paid-for Mail and "i" newspapers continued to decrease, as expected. The advertising market remains volatile and digital advertising yields have been adversely affected by the war in Ukraine. In addition, UK consumers' disposable income decreased during the year as the cost of living increased, resulting in reduced demand from customers for advertising in Consumer Media's products (Consumer Media is defined as Mail Online, The Daily Mail, The Mail on Sunday, Metro and the i).

There have been substantial increases in the cost of newsprint and production, notably energy costs which have also been impacted by the war, as well as distribution. This increased cost pressure has adversely affected the profitability of the newspapers in particular and Consumer Media as a whole.

Section 172 statement

Section 172 of The Companies Act 2006 states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

In doing so a director of a company must have regard (amongst other matters) to:-
a. The likely consequences of any decision in the long term;
b. The interests of the company's employees;
c. The need to foster the company's business relationships with suppliers, customers and others;
d. The impact of the company's operations on the community and the environment;
e. The desirability of the company maintaining a reputations for high standards of business conduct; and
f. The need to act fairly as between members of the company.

The likely consequences of any decision in the long term
The management team have a long-term perspective, consistent with the DMGT fourth generation of family ownership. Organic investment opportunities are prioritised and the Company takes a long-term approach to value creation.

The management team meet at least one a month to discuss performance, opportunities, risks and the implications of potential new developments.

The interests of the company's employees

The Company encourages curiosity and innovation amongst its people, and is built around a set of values that are common across its portfolio of operating businesses. The Company's culture combines entrepreneurism, purpose, excellence and performance management. The Company fosters constant innovation, growth and talent development.

Talented, motivated people are the key to the Company's success and is committed to providing a working environment that allows people to reach their full potential.

The Company invests in its people, developing high-potential leaders at early stages in their careers. Leadership programmes are designed to equip talented people with stretching experiences to accelerate their development and realise their potential. The Company's employees have the chance to develop, doing meaningful and interesting work that will stretch them, taking advantage of all the opportunities that the Company's portfolio of businesses can offer.

The Company's people are supported by a wide range of tailored local learning, training and development programmes. During 2022, these courses focused on work skills, including strategic thinking, problem solving, strengthening stakeholder relationships, creativity and innovation, project management and decision making, as well as on specific technical skills. The Company ensures job opportunities are open to internal candidates, with training and mentoring offered to support promotions and internal mobility.

The Company also offers work experience and professional development support to all its staff, including external training and qualifications, and the opportunity to apply for additional funding for these. The Company also provides an inclusive apprenticeship programme for new talent and existing employees, with development opportunities ranging up to MBA level. This is considered a highly effective and sustainable way to support the progression of more people in the business.

There is a suite of policies designed to promote the health and wellbeing of the Company's employees, including a range of fitness and mindfulness programmes. During the year, there were numerous examples of programmes to support employee wellbeing and good mental health, including wellbeing workshops and medical support. The Company supports its employees to maintain a work-life balance. Policies and guidance to enable this are in place across the Company, including special leave policies to support employees with various family circumstances, and an Employee Assistance Programme that offers a family care service.

The Company's Equal Opportunities Policy is designed to comply with the Equality Act 2010 and the Equality and Human Rights Commission Employment Statutory Code of Practice, and to promote best practice. Managers must set an appropriate standard of behaviour, lead by example and ensure that that those they manage adhere to this policy. This policy applies to all aspects of the employee relationship. All decisions must be based on merit. The Company's Human Resources Information System enables the monitoring of the levels of diversity in the Company's business and the promotion of an inclusive culture. Diversity data including gender, ethnicity, race and disability is tracked across job levels and assessed against a number of key areas, including recruitment processes, attrition and promotions. Employees are regularly asked for their feedback on diversity and inclusion, supported with regular internal communications on a range of activities that promote a collaborative and inclusive culture.

In May 2022, the 125th anniversary of the launch of the Daily Mail was celebrated by employees and former employees, marking the importance of the Mail's journalism and thanking the people who have helped deliver and develop it.

The need to foster the company's business relationships with suppliers, customers and others

Each business across the Company seeks to invest in relationships with its market and audience. These relationships are vital to the long-term success of the Company, nurturing mutual loyalty and informing future product development.

The Company also works closely with its suppliers, recognising the importance of reliability and quality, particularly to avoid disruption to supply chains. The Company is also committed to ensuring that all of its suppliers are paid promptly. The Company published its payment practices data in April and October 2022, confirming that, consistent with The Payment Practices Code, over 95% of its suppliers' invoices were paid within 60 days during the year.

The impact of the Company's operations on the community and environment

The Company supports and encourages purpose within the communities that we serve, through a range of local partnerships within them and DMGT Group-wide programmes, such as the Champions Awards.

It is important to support operating companies' local communities as it allows our employees to choose a cause close to their heart.

The Mail titles have a long and proud history of galvanising their readers, whether it be planting trees, collecting litter or reducing the amount of plastic in the ocean. The readers' generosity helped Mail Force Charity's Ukraine Appeal raise over £12m by the end of September 2022.

The Company recognises its responsibility to consider the impact on the environment of its direct operations, as well as the indirect impact through its supply chain. The majority of energy utilisation and greenhouse gas emissions are due to Consumer Media's print and distribution operations, as well as office premises.

The desirability of the company maintaining a reputation for high standards of business conduct

Associated Newspapers Limited is a responsible business that adheres to strong ethical standards with a clear, robust Code of Conduct. The Company encourages responsible business practice and respond to the needs of its stakeholders in several ways:

- promoting strong governance and leadership which encourages responsible business attitudes and actions across the Company;
- ensuring the Company's employees understand key legal and reputational issues through in-person training and e-learning;
- operating effective risk management and internal controls; and
- encouraging business-level participation in corporate responsibility and community support.

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 to 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 Company is a member of the dmg media group (the "Group"), dmg media is a division of DMGT. The Group's 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 or 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.

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, DMGT 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 DMGT 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 DMGT. Public examples of data losses in the past have highlighted the importance of information security. DMGT'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.

Results

Operating loss for the year was £699,000 (2021: profit of £39,036,000). This can be explained by higher revenues offset by increased newprint costs and a provision against intercompany debtors of £13,341,000 (2021: £nil). The loss for the financial year of the Company amounted to £9,940,000 (2021: profit of £33,919,000). The directors recommend that no final dividend be paid (2021: £nil).

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

	Unit	2022	2021
Revenue	£'000	616,535	592,049
Operating (loss)/ profit	£'000	(699)	39,036
% Operating (loss)/ profit margin	%		7
Daily Mail (average issue print sale '000)	Copies	872	932
The Mail on Sunday (average issue print sale '000)	Copies	750	787
The i	Copies	148	140
MailOnline (average global daily visitors '000)	Visits	13,108	13,386
Net assets	£'000	682,257	586,521
Employees (average monthly)	FTE	1,924	1,856

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".

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 plc Group, the Company operates in accordance with DMGT plc Group policies, which are described in the DMGT plc Annual Report 2022, 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.

Approved by the Board on 21 December 2022 and signed on its behalf by:

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J J S Welsh
Director

Date: 21 December 2022

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 2 October 2022 and of its loss for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2 October 2022; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the 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

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

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

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2 October 2022 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and potential inappropriate journal posting. Audit procedures performed by the engagement team included:

- Discussions with management and the Company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing unusual journal entries, in particular those with unusual account combinations;
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation;
- Designing audit procedures to incorporate unpredictability into our testing; and
- Challenging assumptions made by management in determining their judgements and accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 December 2022

Associated Newspapers Limited

Income Statement for the 53 week period from 27 September 2021 to 2 October 2022

	Note	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Revenue	4	616,535	592,049
Other operating income	5	5,178	4,677
Operating (loss)/profit	6	(699)	39,036
Income from shares in group undertakings and participating interests	14	16,498	-
Finance income	8	7,619	3,098
Finance expense	8	(2,433)	(1,062)
Profit before taxation		20,985	41,072
Tax on profit	9	(30,925)	(7,153)
(Loss)/profit for the financial year		(9,940)	33,919

The above results were derived from continuing operations.

The notes on pages 22 to 67 form an integral part of these financial statements.

Associated Newspapers Limited

Statement of Comprehensive Income for the 53 week period from 27 September 2021 to 2 October 2022

	Note	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
(Loss)/profit for the financial period		(9,940)	33,919
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations (net)	20	167,392	2,436
Tax relating to items that will not be reclassified to profit or loss	9	(58,587)	(10,766)
Total other comprehensive income/ (expense)		108,805	(8,330)
Total comprehensive income for the year		98,865	25,589

The notes on pages 22 to 67 form an integral part of these financial statements.

Associated Newspapers Limited

Statement of Changes in Equity for the Financial Year from 27 September 2021 to 2 October 2022

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 28 September 2020	103,526	241,704	5,338	217,238	567,806
Profit for the financial year	-	-	-	33,919	33,919
Other comprehensive expense	-	-	-	(8,330)	(8,330)
Total comprehensive income	-	-	-	25,589	25,589
Share based payment transactions (note 21)	-	-	-	(6,874)	(6,874)
At 26 September 2021	103,526	241,704	5,338	235,953	586,521

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 27 September 2021	103,526	241,704	5,338	235,953	586,521
Loss for the financial year	-	-	-	(9,940)	(9,940)
Other comprehensive income (page 18)	-	-	-	108,805	108,805
Total comprehensive income (page 18)	-	-	-	98,865	98,865
Share based payment transactions (note 21)	-	-	-	(3,129)	(3,129)
At 2 October 2022	103,526	241,704	5,338	331,689	682,257

The notes on pages 22 to 67 form an integral part of these financial statements.

Associated Newspapers Limited

(Registration number: 00084121)
Statement of Financial Position as at 2 October 2022

	Note	2 October 2022 £ 000	26 September 2021 £ 000
Fixed assets			
Intangible assets	11	37,933	52,123
Property, plant and equipment	12	25,878	32,447
Right of use assets	13	12,304	12,018
Investments	14	515	515
		76,630	97,103
Current assets			
Stocks	15	9,539	6,637
Debtors	16	422,950	684,193
Pension asset	20	630,423	201,076
Cash at bank and in hand		1,253	710
		1,064,165	892,616
Creditors: Amounts falling due within one year	17	(310,073)	(336,080)
Current portion of long term lease liabilities	18	(1,435)	(10,897)
Net current assets		752,657	545,639
Total assets less current liabilities		829,287	642,742
Creditors: Amounts falling due after more than one year			
Long term lease liabilities	18	(5,413)	(2,189)
Provisions for liabilities	22	(141,617)	(54,032)
Net assets		682,257	586,521
Capital and reserves			
Called up share capital	24	103,526	103,526
Share premium account		241,704	241,704
Other reserves		5,338	5,338
Retained earnings		331,689	235,953
Total Shareholders' funds		682,257	586,521

The notes on pages 22 to 67 form an integral part of these financial statements.

Associated Newspapers Limited

(Registration number: 00084121)
Statement of Financial Position as at 2 October 2022 (continued)

The financial statements on pages 17 to 67 were authorised for issue by the Board on 21 December 2022 and signed on its behalf by:

J J S Welsh, Director

Notes to the Financial Statements for the 53 week period from 27 September 2021 to 2 October 2022

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
W8 5TT

2 Accounting policies

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 and have been consistently applied . 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 period ended 2 October 2022 consists of 53 weeks (2021: 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 of £681.6m (2021: £586.5), as at 2 October 2022. The directors have considered the amounts due from group undertakings as recoverable and after due consideration the directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this report.

After making enquiries, the directors of the Company therefore have 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.

The Company enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of agency spend over the contract period.

The principal revenue performance obligations are:

Subscriptions revenue
Subscriptions revenue, including revenue from information services, is recognised over the period of the subscription or contract;

Circulation revenue
The Group sells newspapers and magazines through wholesalers on a sale and return basis. Revenue is recognised when the performance obligation has been fulfilled being when the publication has been delivered to the wholesaler. Revenue is measured at cover price less the contractual wholesaler and retailer margins.

Print advertising revenue
Print advertising revenue includes digital classified revenue which is predominantly upsold from print advertising. Revenue comprises third-party clients and agency contracts. The performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time, revenue is recognised on a straight-line basis over the period of the campaign reflecting the pattern in which the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract. Rebates are recognised based on the level of third party spend over the contract period. Rebates are only recognised where the third party has a clear entitlement to the receipt of the rebate and a reliable estimate can be made.

Printing revenue
Printing revenue mainly comprises third-party printing contracts. Printing revenue is recognised at a point when the service is provided and the performance obligation is fulfilled. Revenue is measured at the transaction price in the contract.

Digital revenue
For digital display advertising revenue, the performance obligation is fulfilled, and revenue is recognised, on publication of the advert. If an advertising campaign is over a period of time, revenue is recognised over the period of the online campaign on a straight-line basis or pages served basis reflecting the pattern in which the performance obligation is fulfilled. For digital transaction revenue, the performance obligation is fulfilled, and revenue is recognised, when the service is provided. Revenue is measured at the transaction price in the contract.

2 Accounting policies (continued)

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

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.

2 Accounting policies (continued)

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)

The Company as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee and classified as an operating lease if it does not.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leases

Definition

The Company assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

2 Accounting policies (continued)

Initial recognition and measurement

Where the Company acts as a lessee it recognises a right of use asset and corresponding liability at the date at which a leased asset is made available for use by the Company, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is measured at the present value of the future lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Company's incremental borrowing rate specific to the term, country, currency and start date of the lease.

The Company's lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option less any lease incentives receivable. and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Company's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial indirect costs and any dilapidation or restoration costs.

The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

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.

2 Accounting policies (continued)

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 principles set out in IFRIC 14. A net defined benefit surplus is included as a current asset, not a fixed asset as a separate line item and disclosed. This is because it is not intended for use on a continuing basis in the Company's activities.

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.

The Company recognises its share of certain defined benefit schemes whose members are or were employees of both this company and certain other DMGT plc group companies.

Exceptional items

Exceptional items over the value of £5m 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 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 into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level 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.

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 the Directors to estimate the future cash flows expected to arise from the asset or CGU including an assessment of climate change on the applicable businesses and calculate the net present value of these cash flows using a suitable discount rate. The key areas of estimation are the long-term growth rate, operating cash flows, and the discount rate applied to those cash flows.

Legal claim provisions
The Company is involved in various lawsuits and claims which arise in the course of business. The Company records a provision for these matters when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. The amounts accrued for legal contingencies often result from complex judgements about future events and uncertainties that rely heavily on estimates and assumptions.

4 Revenue

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

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Sale of goods and services	605,350	583,559
Other sales income	11,185	8,490
	616,535	592,049

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

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Sales - UK	402,553	460,995
Sales - North America	117,980	70,696
Sales - Europe (excluding the UK)	69,127	50,853
Sales - Rest of world	15,690	1,015
	605,350	583,559

5 Other operating income

The analysis of the Company's other operating income for the period is as follows:

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Rental income	5,178	4,677

6 Operating profit

Arrived at after charging/ (crediting):

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Depreciation expense	21,866	21,561
Amortisation expense	14,558	14,987
Provision against the recoverability of intercompany debtors	13,341	-
Foreign exchange gains	(1,647)	(316)
Operating lease expense - land and buildings	598	58
Operating lease expense - plant and machinery	92	285
Purchase of raw materials	162,624	165,398
Distribution costs	33,404	31,015
Administrative expenses	222,100	171,273
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	267	300
Loss on disposal of fixed assets	-	35

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 £1,000 (2021: £429,000) that relates to amortisation of software development expenditure, £10,748,000 (2021: £10,748,000) that relates to the amortisation of trademarks and £3,809,000 (2021: £3,810,000) that relates to the amortisation of publishing rights.

7 Staff costs

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

7 Staff costs (continued)

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Wages and salaries	132,169	130,782
Social security costs	16,742	16,076
Other pension costs	6,298	6,236
	155,209	153,094

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

	Period ended 2 October 2022 Number	Period ended 26 September 2021 Number
Editorial	1,228	1,186
Advertising, sales and marketing	211	205
IT support	181	184
Pre-press and printing	125	117
Management and administration	166	151
Circulation and distribution	13	13
	1,924	1,856

8 Net finance income

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Finance charge on lease liability re Right to use assets	245	481
Interest payable to group companies	2,188	581
Finance credit on pension surplus	(7,580)	(2,973)
Finance income on sublease receivable	(39)	(125)
	(5,186)	(2,036)

9 Tax on profit

Tax charged in the income statement:

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Current taxation		
UK corporation tax	-	11,369
UK corporation tax adjustment to prior years	42	(503)
	42	10,866
Deferred taxation		
Arising from origination and reversal of temporary differences	32,046	(4,484)
UK corporation tax adjustment to prior years	(1,163)	771
Total deferred taxation	30,883	(3,713)
Tax expense in the income statement	30,925	7,153

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 (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%). The differences are reconciled below:

9 Tax on profit (continued)

	2022 £ 000	2021 £ 000
Profit before tax	20,985	41,072
Corporation tax at standard rate	3,987	7,804
UK corporation tax adjustment to prior years	42	(503)
Increase from effect of expenses not deductible in determining taxable profit	6,816	3,957
Deferred tax expense from unrecognised tax loss or credit	6,895	-
Deferred tax (credit)/expense from unrecognised temporary difference from a prior year	(1,163)	771
Deferred tax expense/(credit) relating to changes in tax rates or laws	17,483	(4,876)
Decrease from effect dividends from UK companies	(3,135)	-
Total tax charge	30,925	7,153

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.

Deferred tax is measured on a non-discounted basis at the tax rate which is expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date. Finance Bill 2021 announced in March 2021 set the main rate of corporation tax to be 25% from the current 19% effective 1 April 2023. This new law was substantively enacted on 10 June 2021. On 23 September 2022, the UK Government announced that the main rate of corporation tax would no longer increase to 25% with effect from 1 April 2023, but would instead stay at 19%. On 14 October 2022, the UK Government announced that the tax rate would increase to 25% from 1 April 2023 as originally set out in the Spring Budget 2021.

Associated Newspapers Limited

Notes to the Financial Statements for the 53 week period from 27 September 2021 to 2 October 2022 (continued)

9 Tax on profit (continued)

Deferred tax

Deferred tax assets and liabilities

2022	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	31,119	-	31,119
Loans and borrowings	-	-	-
Pension benefit obligations	-	(187,240)	(187,240)
Tax losses carry-forwards	-	-	-
Other items	44,831	-	44,831
Provisions	-	-	-
	75,950	(187,240)	(111,290)

2021	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	26,759	-	26,759
Loans and borrowings	-	-	-
Pension benefit obligations	-	(50,275)	(50,275)
Tax losses carry-forwards	746	-	746
Other items	152	-	152
Provisions	-	-	-
	27,657	(50,275)	(22,618)

9 Tax on profit (continued)

Deferred tax movement during the year

	At 27 September 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive expense £ 000	At 2 October 2022 £ 000
Accelerated tax depreciation	26,759	4,360	-	31,119
Loans and borrowings	-	-	-	-
Pension benefit obligations	(50,275)	(78,378)	(58,587)	(187,240)
Tax losses carry-forwards	746	(746)	-	-
Other items	152	44,679	-	44,831
Provisions	-	-	-	-
Net tax assets/(liabilities)	(22,618)	(30,085)	(58,587)	(111,290)

Deferred tax movement during the prior year

	At 28 September 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 26 September 2021 £ 000
Accelerated tax depreciation	18,760	7,999	-	26,759
Loans and borrowings	-	-	-	-
Pension benefit obligations	(35,585)	(3,924)	(10,766)	(50,275)
Tax losses carry-forwards	557	189	-	746
Other items	257	(105)	-	152
Provisions	447	(447)	-	-
Net tax assets/(liabilities)	(15,564)	3,712	(10,766)	(22,618)

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 is an unrecognised deferred tax asset of £9.1m (2021: £nil) which relates to revenue losses and £3.2m (2021: £3.2m) which relates to deferred interest where there is insufficient certainty that these losses will be utilised in the foreseeable future. The deferred tax asset has no expiry date.

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Aggregate emoluments	1,817	2,384
Compensation for loss of office	75	-
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	3,601	4,475
	5,493	6,859

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

	Period ended 2 October 2022 Number	Period ended 26 September 2021 Number
Accruing benefits under defined benefit pension scheme	1	1

In respect of the highest paid director:

	Period ended 2 October 2022 £ 000	Period ended 26 September 2021 £ 000
Aggregate emoluments	416	1,505
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	3,601	4,377

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.

The emoluments of R Caccappolo have been recharged to Associated Newspapers Limited at 50% and are included in the above.

11 Intangible assets

	Goodwill £ 000	Trademarks and brands £ 000	Software development costs £ 000	Total £ 000
Cost or valuation				
At 27 September 2021	99,318	77,925	17,373	194,616
Additions	-	-	368	368
At 2 October 2022	99,318	77,925	17,741	194,984
Accumulated amortisation				
At 27 September 2021	(89,586)	(36,054)	(16,853)	(142,493)
Amortisation charge	-	(14,557)	(1)	(14,558)
At 2 October 2022	(89,586)	(50,611)	(16,854)	(157,051)
Carrying amount				
At 2 October 2022	9,732	27,314	887	37,933
At 26 September 2021	9,732	41,871	520	52,123

12 Property, plant and equipment

	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation			
At 27 September 2021	21,933	101,542	123,475
Additions	793	6,321	7,114
Reclassifications	(7,097)	7,097	-
At 2 October 2022	15,629	114,960	130,589
Accumulated depreciation			
At 27 September 2021	(13,477)	(77,551)	(91,028)
Charge for the period	(1,258)	(12,425)	(13,683)
Reclassifications	5,919	(5,919)	-
At 2 October 2022	(8,816)	(95,895)	(104,711)
Carrying amount			
At 2 October 2022	6,813	19,065	25,878
At 26 September 2021	8,456	23,991	32,447

13 Right of use assets

	Plant and equipment £ 000	Leasehold properties £ 000	Total £ 000
Cost or valuation			
As at 27 September 2021	2,552	24,911	27,463
Additions	603	8,150	8,753
Disposals	(477)	(236)	(713)
At 2 October 2022	2,678	32,825	35,503
Accumulated Depreciation			
At 27 September 2021	(1,089)	(14,356)	(15,445)
Charge for the period	(732)	(7,451)	(8,183)
Eliminated on disposal	429	-	429
At 2 October 2022	(1,392)	(21,807)	(23,199)
Carrying amount			
At 2 October 2022	1,286	11,018	12,304
At 26 September 2021	1,463	10,555	12,018

14 Investments

	Subsidiaries £ 000	Total £ 000
Cost or valuation		
At 26 September 2021 and as at 2 October 2022	515	515
Carrying amount		
At 26 September 2021 and as at 2 October 2022	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 received dividends of £16,498,000 from Associated Newspapers (Ireland) Limited (2021: £nil).

Subsidiaries

Details of the subsidiaries as at 2 October 2022 are as follows:

Associated Newspapers Limited

Notes to the Financial Statements for the 53 week period from 27 September 2021 to 2 October 2022 (continued)

14 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and registered office	Proportion of ownership interest and voting lefts held 26 September 2022
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 2 October 2022 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held 26 September 2022	 27 September 2021
ES London Limited	Newspaper publishing	United Kingdom	30%	30%
Northprint Manchester Limited	Dormant	United Kingdom	50%	50%

14 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.

Associated Newspapers (Ireland) Limited
Top Floor
Two Haddington Buildings
20-38 Haddington Road
Ireland
D04 HE94

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

15 Stock

	2 October 2022 £ 000	26 September 2021 £ 000
Raw materials and consumables	9,539	6,637

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

16 Debtors

	2 October 2022 £ 000	26 September 2021 £ 000
Trade receivables	112,915	97,513
Amounts due from group undertakings	280,215	553,421
Other debtors	3,830	5,418
Prepayments and accrued income	25,990	27,841
Total current trade and other receivables	422,950	684,193

Included in other debtors is an amount of £nil for sublease receivables (2021: £3,150,000).

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

17 Creditors: amounts falling due within one year

	2 October 2022 £ 000	26 September 2021 £ 000
Current liabilities		
Trade payables	43,195	26,872
Bank overdrafts	79	-
Accruals and deferred income	75,349	50,938
Amounts owed to group undertakings	175,597	232,677
Social security and other taxes	3,910	3,173
Outstanding defined contribution pension costs	1,146	1,073
Other creditors	10,797	9,978
Amounts payable for group relief to DMGT entities	-	11,369
	310,073	336,080

Included within amounts owed to group undertakings is a loan from Daily Mail and General Holdings Limited of £242,494,000 (2021: £65,013,000). 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.

18 Leases

Leases included in creditors

	02 October 2022 £ 000	26 September 2021 £ 000
Current portion of long term lease liabilities	1,435	10,897
Long term lease liabilities	5,413	2,189

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	02 October 2022	26 September 2021
Lease payments	**£ 000**	**£ 000**
Right of use assets	11,697	11,131

The Company leases various office space, equipment and vehicles which are negotiated on an individual basis with differing terms and conditions. The key lease arrangement relates to office space. The Company negotiates lease contracts according to the Company's needs with a view to balancing stability, security of tenure and lease terms against the risk of entering excessively long or onerous arrangements.

Of the Company's leased properties, the most significant leases relate to the Associated Newspapers Limited head office premises Northcliffe House, 2 Derry Street, London, W8 5TT which expires in December 2022.

The lease payments for Northcliffe House made during the year amount to £10.0 million and these are adjusted each year in line with the Consumer Price Index of the preceding year.

19 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:

	2 October 2022 £ 000	27 September 2020 £000
Within one year	93	156

The above relate to low-value (under £5,000) and short-term (less than 12 months) leases.

20 Pension and other schemes

DMGT 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 2 October 2022 was £12.8 million (2021: net costs of £3.4 million).

Defined benefit pension schemes

Background

DMGT operates two main defined benefit schemes (the 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 Schemes are carried out triennially by the scheme actuary and determine the level of contributions payable by the DMGT to the Schemes. The Technical Provisions position for the most recent funding valuations of the Schemes are summarised in the table below:

Latest funding position	**HPS**	**SEPF**	**AVC**
Date of latest triennial valuation	31 March 2019 £m	31 March 2019 £m	31 March 2017 £m
Total Liabilities	(2,821)	(331)	(53)
Total Assets	2,583	346	49
(Deficit)/ Surplus	(238)	16	(4)

20 Pension and other schemes (continued)

Following the results of the latest triennial valuations as at 31 March 2019, DMGT, together with Daily Mail and General Holdings Limited (DMGH), a fellow DMGT Group company, and the Trustees of the Schemes (Trustees) agreed to eliminate the above HPS deficit through a combination of additional contributions and investment returns by 5 October 2024. The agreed Recovery Plan contributions were as follows:

HPS
• £16.2 million paid on 5 October 2019 under the Recovery Plan agreed at the 31 March 2016 valuation;
• £11.0 million each year for 5 years from 5 October 2020 paid annually in advance; and
• £50.0 million at October 2024 or such lower amount required to meet the deficit at 31 March 2024 based on the Scheme Actuary's estimate of the technical provisions at this date.

DMGT also agreed to pay the Pension Protection Fund levy and all other expenses excluding investment management expenses for HPS.

In addition, the Recovery Plan contributions were supplemented by arrangements offering contingent security to HPS, including:

• An Escrow arrangement, to which DMGT agreed to contribute an initial sum of £113.6 million and five annual payments of £7.0 million each, with a termination date of 30 September 2026;
• A long-term insolvency guarantee (to replace the Limited Partnership Investment vehicle), capped at £150.0 million with a termination date of 2035 (or the date on which the Scheme reaches full funding on a self-sufficiency basis); and
• Further Funding Agreement in relation to contributions provided in certain circumstances.

20 Pension and other schemes (continued)

DMGT considers that these contributions are sufficient to eliminate any deficit over the agreed period. This recovery plan will be reviewed at the next triennial funding valuation of the Schemes which is due to be completed with an effective date of 31 March 2022.

SEPF
For the actuarial valuation as at 31 March 2019, there was no shortfall and therefore no deficit contributions were required.

DMGT will pay the Pension Protection Fund levy and all other expenses excluding investment management expenses for SEPF.

AVC Plan
The Recovery Plan agreed as part of the 31 March 2017 valuation of the AVC Plan estimated that the deficit would be eliminated by 30 September 2026.

No deficit contributions were payable as it was assumed that this would be met through returns on the AVC Plan's assets.

On 24 October 2022, the AVC plan was merged into HPS. Therefore, the assets and liabilities have been transferred to HPS and the 31 March 2020 valuation of the AVC plan will not be completed.

Following acceptance of Rothermere Continuation Limited's (RCL) offer for all of the issued DMGT A Ordinary Non Voting shares not already owned by RCL on 16 December 2021, DMGT made a cash funding payment into the Pension Schemes amounting to £402.0 million in addition to a £11.0 Recovery Plan cash funding payment made on 5 October 2021. These payments replaced all previously agreed Recovery Plan contributions.

In addition, DMGT has agreed with the Trustees that, should it make any permanent reductions in the Company's capital, including share buy-backs, it will make additional contributions to the Schemes amounting to 20.0% of the capital reduction capped at the aggregate HPS and SEPF funding deficits shown in the most recent actuarial report. Contributions of £nil (2021 £nil) relating to this agreement were made in the year to 30 September 2022. Following payment of the £402.0 million cash funding referenced above, this agreement was dissolved.

20 Pension and other schemes (continued)

Strategic Plan

The Trustees have developed a comprehensive approach to managing the Schemes' investment strategy to ensure it is always aligned with the Strategic Plan. The Schemes' financial performance has been sufficiently better than envisaged so the Trustees have reduced risk largely by decreasing the equity allocation and increasing its interest rate and inflation rate hedging which is reflected in the analysis of the Schemes' assets. In addition, the Strategic Plan has been amended to target an asset allocation that may enable the Schemes to be self-sufficient by 2026.

The figures in this note are based on calculations using membership data as at 2 October 2022 along with asset valuations and cash flow information from the schemes for the year to 2 October 2022.

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

	At 2 October 2022	**At 2 October 2022**	**At 2 October 2022**	**At 26 September 2021**	**At 26 September 2021**	**At 26 September 2021**
	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	(1,191.6)	-	(1,191.6)	(1,834.3)	(35.7)	(1,870)
Assets at fair value	1,823.2	-	1,823.2	2,041	30	2,071
Impact of asset ceiling	(1.2)	-	(1.2)	-	-	-
Surplus/ (deficit) reported in the Consolidated Statement of Financial Position	630.4	-	630.4	206.7	(5.7)	187.3

20 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 Technical Provisions basis is agreed by the Trustees and DMGT as part of the triennial actuarial funding valuation which is used to determine the level of any contributions payable by DMGT into the Schemes. The guidance issued to Trustees from the Pensions Regulator is that the Technical Provisions basis should reflect the covenant strength and investment strategy at the time of the valuation. In addition, the Technical Provisions discount rate represents the expected risk adjusted return on the Schemes' assets and is normally set with reference to the yield on government bonds.

For accounting purposes, IAS19 states that the actuarial assumptions used must represent the best estimate of the variables determining the ultimate post-employment benefit cost. The discount rate used is determined by reference to market yields at the end of the reporting period on high quality (AA rated) corporate bonds, and therefore doesn't directly relate to the expected return on the Schemes' assets.

The key differences between the make-up of the bases are the reference yields used for the discount rate, which is higher on the IAS19 basis, and that the Technical Provisions incorporate different risk adjustment factors, compared to the accounting basis which is set to represent best estimate assumptions.

Due to the different methodologies used it is not uncommon for a scheme to be in IAS19 accounting surplus but still be in a deficit on a Technical Provisions basis.

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, DMGT 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 the Additional Voluntary Contribution scheme (AVC), having taken account of the rules of the Scheme, DMGT does not have an unconditional right to a refund under IFRIC14. However, at 30 September 2021 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 DMGT's recognition of any pension surplus on its Statement of Financial Position.

The surplus/ (deficit) for the year, set out above, excludes a related deferred tax liability of £187.3 million (2021: £50.3 million).

20 Pension and other schemes (continued)

Scheme liabilities

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

	2 October 2022 £ 000	26 September 2021 £ 000
Present value at start of period	1,870,000	1,911,600
Past service cost	(11,500)	-
Actuarial loss as a result of changes in demographic assumptions	(23,500)	1,900
Actuarial loss as a result of changes in financial assumptions	(637,500)	18,600
Actuarial loss as a result of membership experience	35,200	(16,700)
Interest cost	35,700	29,100
Net benefit payments	(76,800)	(74,500)
Present value at end of period	1,191,600	1,870,000

Scheme assets

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

	2 October 2022 £ 000	26 September 2021 £ 000
Fair value at start of period	2,071,000	2,098,900
Interest income	43,300	32,000
Return on plan assets, excluding amounts included in interest income on scheme assets	(457,200)	6,200
Member contribution	242,900	8,400
Net benefit payments	(76,800)	(74,500)
Fair value at end of period	1,823,200	2,071,000

20 Pension and other schemes (continued)

Analysis of assets

The fair value of the assets is categorised as follows:

	Note	At 2 October 2021	At 2 October 2021	At 26 September 2021	At 26 September 2021
		£'000	%	£'000	%
Equity	(i)				
- Investment funds		-	-	347,200	17
- Private equity		115,700	6	121,700	6
Liability driven investments	(iii)	381,000	21	436,900	21
Bonds and loans	(ii)	812,900	45	723,000	35
Property	(iv)	235,700	13	272,500	13
Infrastructure		120,700	7	128,800	6
Cash / other		157,200	9	40,900	2
Total assets		1,823,200	100	2,071,000	100

20 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 2 October 2022 was £nil (0.0 % of assets), (2021: £nil, 0.0 % of assets).

20 Pension and other schemes (continued)

Principal actuarial assumptions

The main financial assumptions are shown in the following table:

	2 October 2022 %	26 September 2021 %
Discount rate	5.30	1.95
Pension increases	3.55	3.35
Price inflation	3.70	3.50

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 13 years (2021: 17 years).

20 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:

	2 October 2022	26 September 2021
For a current 60-year-old male member of the scheme	25.80	26.90
For a current 60-year-old female member of the scheme	28.40	28.60
For a current 50-year-old male member of the scheme	26.50	27.30
For a current 50-year-old female member of the scheme	29.20	29.30

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:

	2 October 2022 £ 000	26 September 2021 £ 000
Amounts recognised in operating profit		
Past service credit	11,500	-
Amounts recognised in finance income or costs		
Recognised in other finance income	(7,600)	(2,900)
Total recognised in the income statement	(19,100)	(2,900)

The fair value of some of the pension assets are made up of quoted and unquoted investments. The latter require more judgement as their values are not directly observable. The assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in fair value after the measurement date.

20 Pension and other schemes (continued)

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:

Adjustment to discount rate	2 October 2022 £ 000	26 September 2021 £ 000
Change in pension obligation at 26 September 2021 from a 0.1 % p.a. decrease	13,000	30,500
Change in pension cost from a 0.1 % p.a. decrease	1,200	800

Adjustment to rate of inflation	2 October 2022 £ 000	26 September 2021 £ 000
Change in pension obligation at 26 September 2021 from a 0.1 % p.a. increase	10,500	27,000
Change in pension cost from a 0.1 % p.a. increase	500	500

Adjustment to mortality age rating assumption	2 October 2022 £ 000	26 September 2021 £ 000
Change in pension obligation at 26 September 2021 from a one year increase in life expectancy	31,800	69,900
Change in pension cost from a one-year increase	1,600	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. Monetary assets such as bonds and loans hedge approximately 70.0% of the schemes' risk (by value of assets).

Associated Newspapers Limited

Notes to the Financial Statements for the 53 week period from 27 September 2021 to 2 October 2022 (continued)

20 Pension and other schemes (continued)

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.

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 65.0% 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 26 September 2021	At 26 September 2021
	£000	£000
Present value of defined benefit obligation	(1,191.6)	(1,870)
Fair value of scheme assets	1,823.2	2,071
Impact of asset ceiling on AVC Plan	(1.2)	-
Combined surplus in schemes	630.4	201
Experience adjustments on defined benefit obligation	625.8	(3.8)
Experience adjustments on fair value of scheme assets	(457.2)	6.2

UK defined contribution plans

The DMGT 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 £204.0m (2021: £214.0 million) at the year end. The pension cost attributable to these plans during the year amounted to £17.7 million (2021: £17.8 million).

21 Share-based payments

Share options

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

DMGT also operated a Long Term Incentive Plan for its executive directors and certain other senior managers.

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 was estimated, based upon relevant historic data in respect of the DMGT A Ordinary Non-Voting share price. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non-transferability.

During the period Rothermere Continuation Limited (RCL) acquired all of the issued DMGT A Shares not already owned by RCL. Following this transaction, certain of the Group's equity settled long term incentive plan (LTIP) arrangements early vested subject to pro-rata vesting and were replaced with cash settled incentive awards.

The cash settled incentive awards are fixed amounts payable on the vesting dates of the original equity settled awards and vest subject to a service period as follows:

Vesting date	LTIP payable £
December 2022	454,902
December 2023	95,739
December 2024	207,932
December 2025	-
	758,573

21 Share-based payments (continued)

Where an equity settled LTIP is cancelled, IFRS 2, Share-based Payment requires this is treated as an acceleration of the original vesting period. The impact of this acceleration results in non-cash LTIP charges being charged against profits of the current period which normally would have been charged against profits of future periods. These accelerated charges have been treated as exceptional operating costs.

The Company recognised a total expense of £14,056,512 (2021 £8,575,733) in respect of share options and share awards granted by DMGT to employees of the Company.

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

Details of share options outstanding at the balance sheet date with respect to employees, granted since 7 November, 2002, are as follows:

	2022		2021	
	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	369,414	6.07	523,288	5.64
Granted during the period	-	-	100,000	7.09
Lapsed during the year	-	-	(10,362)	5.69
Exercised during the period	(369,414)	5.54	(243,512)	5.58
Outstanding at period end	-	-	369,414	6.07
Exercisable at period end	-	-	-	-

The aggregate of the estimated fair values of the options granted the prior year is £nil (2021: £99,260). The options outstanding at 2 October 2022 had a weighted average remaining contractual life of nil years (2021: 5.97).

During the period all the outstanding ESOS awards were exercised following the Group's go private transaction for consideration of £1.9 million.

The inputs into the Black-Scholes model at 2 October 2022 are as follows:

Associated Newspapers Limited

Notes to the Financial Statements for the 53 week period from 27 September 2021 to 2 October 2022 (continued)

21 Share-based payments (continued)

Options under the DMGT 2006 Executive Share option scheme

Date of grant	25 January 2019	24 November 2020
Market value of shares at date of grant (p)	569.3	709
Option price (p)	569.3	709
Number of share option outstanding	0	0
Term of options (years)	10	3
Assumed period of exercise after vesting (years)	7	7
Exercise price (p)	569.1	709
Risk-free rate	0.81%	1.28%
Expected dividend yield (%)	3.59%	2.61
Volatility	27.95%	24.0%
Fair value per option (p)	83.8	99.3

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.

	2022		2021	
	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	36,082	-	36,082	-
Granted during the period	16,819	-	-	-
Exercised during the period	(52,901)	-	-	-
Outstanding at period end	-	-	36,082	-
Exercisable at period end	-	-	13,337	-

21 Share-based payments (continued)

The aggregate of the estimated fair values of the awards made during the year is £nil (2021: £nil). The awards outstanding at 2 October 2022 had a weighted average remaining contractual life of nil years (2021: 4.82).

During the period all the outstanding nil-cost option awards were exercised following the Group's go private transaction for consideration of £0.6 million.

DMGT Long-Term Incentive Plan

DMGT Long-Term Executive Director Incentive Plan Awards 2019, 2020 and 2021
The Executive Directors LTIPs spanned 12 years - three awards pursuant to which shares will accrue and be delivered at the end of a different tenyear period. The Executive Directors will therefore be strongly incentivised to deliver value creation through share price appreciation and dividend payments over that period.

The first two Awards to the Executive Directors under the Executive Director LTIP were made on 31 March 2021 covering the following periods: 1 October 2019 to 30 September 2029 and 1 October 2020 to 30 September 2030. The third Executive Director LTIP Award covering the period: 1 October 2021 to 30 September 2031 was made on 23 November 2021. This award was calculated by reference to the Volume Weighted Average of DMGT's share price (VWAP) in the twelve months period up to and including 22 November 2021, three days after DMGT's financial results for 2021 were announced. Each award was to vest on a graded vesting rather than straight line basis as a result of service conditions associated with each award. This results in a higher charge in the earlier years of the award. The charge for the period was £12.3 million (2021 £0.5 million).

The Executive Directors LTIPs were cancelled during the period and the participants' award shares were pro-rated vested. The dividend equivalent payment mechanism in the LTIP was calculated as if all dividends declared during the performance period were reinvested into DMGT shares on the date they would have been paid. This cash settlement of dividends was based on the full number of shares in the award i.e., not pro-rata. Accordingly, the Executive Directors received cash consideration of £4.1 million including a dividend equivalent payment of £3.5 million. It is the Board's intention that this award will be replaced with a three-year cash settled incentive plan.

21 Share-based payments (continued)

	2022		2021	
	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	1,972,373	-	1,511,587	-
Granted during the period	869,961	-	1,238,302	-
Exercised during the period	(739,836)	-	(777,517)	-
Lapsed during the period	(1,377,612)	-	-	-
Modified during the period	(724,885)	-	-	-
Outstanding at period end	-	-	1,972,372	-
Exercisable at period end	-	-	-	-

The aggregate of the estimated fair values of the awards granted during the year is £9.2 million (2021 £6.6 million).

The awards outstanding at 2 October 2022 had a weighted average remaining contractual life of nil years (2021: 5.89).

During the period all the outstanding LTIP awards were exercised following the Group's go private transaction for consideration of £5.9 million.

Options under the DMGT Long-Term Incentive Scheme
The inputs into the Black-Scholes model at 2 October 2022 for the Executive Directors Long Term Incentive Plan awards with accrual schedules from 2019 to 2029 and 2020 to 2030 respectively were as follows:

21 Share-based payments (continued)

Scheme type	Options under the DMGT Long Term Incentive Plan		
Date of grant	3 February 2021	3 February 2021	23 November 2021
Market value of shares at date of grant (p)	682	739	1092
Number of awards outstanding	0	0	0
Term of awards (years)	10	10	10
Risk-free rate (%)	0.9	0.9	1
Expected dividend yield (%)	3	3	2.3
Volatility (%)	24	24	2.8
Fair value per award (p)	596	578	870

22 Provisions for liabilities

	Deferred taxation £ 000	Other provisions £ 000	Total £ 000
At 27 September 2021	(22,618)	(31,415)	(54,033)
Charge	(30,085)	(1,994)	(32,079)
Recognised in other comprehensive expense	(58,587)	-	(58,587)
Provisions utilised	-	3,082	3,082
At 2 October 2022	(111,290)	(30,327)	(141,617)

Other provisions of £30,327,000 (2021: £31,415,000) relate to legal and libel of £2,748,000 (2021: £3,662,000), contract discounts and rebates of £22,515,000 (2021: £24,686,000), coupons of £1,171,000 (2021: £824,000), dilapidations of £639,000 (2021: £639,000), MyMail points provision of £299,000 (2021: £299,000) and others of £2,955,000 (2021: £1,305,000). It is expected that the majority of this expenditure will be incurred within three years of the period end date.

23 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 £4.1 million (2021: £7.8 million).

The Group entered into arrangements with its ink suppliers to obtain ink for the period to September 2023 at competitive prices to secure supply. At the period end, the commitment to purchase ink over this period was £0.3 million (2021: £3.8 million).

24 Called up share capital

Allotted, called up and fully paid shares

	At 2 October 2022		At 26 September 2021	
	Number 000	**£000**	**Number 000**	**£000**
Ordinary of £0.25 each	414,102,906	103,525,727	414,102,906	103,525,727

25 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% (2021: 50.0%) shareholding in Northprint Manchester Limited, a non-trading associate. The net amount due to the Company of £5,800,000 (2021: £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 compensation.

26 Ultimate parent company and controlling party

The Company's ultimate parent company is Rothermere Continuation Limited (RCL), a company incorporated in Jersey, in the Channel Islands, and previously named Rothermere Investments Limited.

Ultimate controlling party
Rothermere Continuation Limited (RCL) is a holding company incorporated in Jersey, in the Channel Islands. The main asset of RCL is its controlling shareholding in DMGT, being its 100% holding of DMGT's issued Ordinary Shares and the largest single holding of DMGT A Ordinary Shares. 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. 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:
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