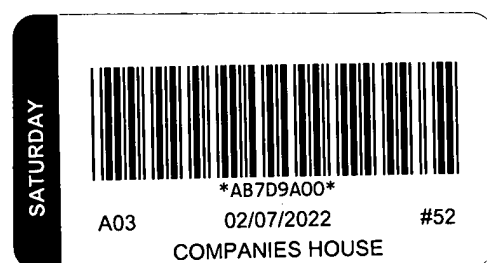


Company Registration No. 06764905

Lebedev Holdings Limited

Annual Report and Financial Statements

For the 53 weeks ended 3 October 2021



Lebedev Holdings Limited

Annual report and financial statements 2021

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Lebedev Holdings Limited

Annual report and financial statements 2021

Officers and professional advisers

Directors

E Lebedev
M Malhotra

Company Secretary

M Malhotra (Resigned 31 March 2021)

Registered Office

2 Derry Street
London
W8 5HF

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Lebedev Holdings Limited

Strategic report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Lebedev Holdings Limited and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the Company continues to be that of a holding company. The principal activity of the Group for the 53 weeks ended 3 October 2021 was the publishing of newspapers and associated activities and television broadcast. The analyses of turnover and operating loss for the 53 weeks ended 3 October 2021 are included as notes 3 and 4 to the financial statements.

Review of business and future developments

The Group made a loss before taxation of £10,682,000 (2020 loss: £15,389,000). The Group has net liabilities of £34,444,000 (2020 net liabilities: £25,479,000). As detailed in note 12, the Group holds investments in three subsidiaries with Evening Standard Limited and ESTV Limited contributing to the majority of the results for the Group.

The Evening Standard is a quality weekday newspaper that distributes for free throughout Greater London. The Company's primary source of revenue is advertising sales which represents over 90% of turnover. The year was significantly impacted by the coronavirus pandemic ("COVID-19"). As a result of this, turnover dropped to £28,067,000 (2020: £44,066,000), which was 36% lower than the previous year. Additionally, due to a decrease in turnover, our operating loss margin increased by 9% to 42% (2020: 33%).

The coronavirus pandemic continued to cause an industry wide reduction in advertising revenue which when combined with fewer people travelling by public transport in Greater London and a lack of future visibility resulted in a number of challenges across the sector. The Evening Standard continued to serve its audience at home with its Covid home delivery service although as the year progressed and commuter numbers recovered it has continued to adapt the mix of copy. Continued investment in our digital first strategy resulted in an increase in digital revenue of £815,000 or 13% from the prior year. Challenges on print revenues required the company to be diligent on costs and as a result the total costs of sales reduced by £11,037,000 or 32% from the prior year position through a reduction in the number and size of newspapers printed alongside a reduction in all discretionary spend.

In prior year, new shareholder loan agreements were entered into to extend the maturities of existing shareholder loans from 31 December 2025 to 31 December 2035 and an additional shareholder financing facility was agreed providing up to £20,000,000, of which £16,000,000 was drawn down as of 3 October 2021, details of which are contained in note 16 and the directors' report.

ESTV Limited generated an operating profit in the financial year of £4,063,00 (2020: operating profit of £2,306,000). Despite the economic challenges faced by the broadcast industry as a whole, the Company continued to consolidate its position as the TV channel for Londoners

An average of 1.65 million (2020: 1.74 million) adults watched London Live every month making it the 18th most watched commercial channel in London in terms of reach, whilst over 4.8 million (2020: 5.2 million) viewers watched London Live in the last 12 months. Delivery of commercial impacts during the year places the channel as the 44th largest commercial channel in London, with a market share of 0.52% (2020: 0.47%). Average viewing to London Live also grew by 4% y/y; vs -4% total TV decline in London (or -5% among commercial TV). As a result, our share of viewing improved from 0.3% (FY19/20) to 0.32%

The Advertising association / World Advertising Research Centre (AA/WARC) predicts UK is still on course to achieve the fastest ad trade recovery of any major European market this year, bouncing back from UK advertising's £1.8bn decline in 2020.

In this context, the Company delivered an increase in revenue of £1.2m (20%) year on year, capitalising on the diversification strategy implemented in 2020. As a result of the Government's requirement to maintain social distancing, the Company adapted its output to stop broadcasting live news until April 2021 and therefore took advantage of the Government introduced job retention scheme from October to April inclusive.

Lebedev Holdings Limited

Strategic report (continued)

Review of business and future developments (continued)

During the year the Company continued to focus on its cost base and improved its use of technology to reduce total costs (costs of sales, operating expenses, and finance costs) by a further £767k (17%) compared to the prior year. Following this review the Company now has a stable and sustainable cost base and is positioned to focus on improving audience delivery through content investment.

The Company is now well positioned for the coming year and will take advantage of further cost savings and continue to drive revenue forward.

Outlook

The Group will continue to support its portfolio of newspaper, television and digital assets in order to improve their position within the UK market and deliver a quality audience attractive to advertisers. In the face of advertising market headwind, there will be continuing focus on improving the Group's financial performance by seeking revenue opportunities where available, whilst negotiating improved terms on major contracts and exercising tight cost control in all areas of the business.

Since summer of 2021, there has been consistent improvement in commuter numbers and the company has seen this translate into improved print revenue. The Evening Standard continues to place Digital and Mobile content development as the most significant initiative as the pandemic has accelerated changes in reader behaviour. Additionally, the business will launch a number of new live events using the power of our media to create new revenue streams. There will also be continued focus on improving the company's financial performance, cost control and development of new business.

The business operates in a challenging market due to the continuing shift in viewing from linear television to subscription and free video on demand-based services resulting in an increasingly competitive environment for traditional broadcasters. Since the end of the year operations continue to do well, with new content acquisitions being made and a renewed drive for greater audience figures over the next financial year. The Group continues to strive to deliver a quality London based product to its audience whilst pursuing its strategy to diversify revenue where possible.

In the next year, the Group will continue to explore opportunities to diversify revenues in order to future proof its profitability and work with the other local television operators to identify and deliver operational synergies wherever possible. The Group will also continue to discuss its audience data and viewer feedback with Ofcom to ensure that the channel's licence commitments are framed in the best interests of Londoners

Section 172(1) statement

The Directors have acted in ways in which they consider, in good faith, would be likely to promote the success of Lebedev Holdings Limited for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The Directors will sometimes engage directly with certain stakeholders on specific issues, but often stakeholder engagement will take place at an operational level. The Directors will consider information from across the business to help them understand the impact of the Group's operations and the interests and views of stakeholders. The Directors will review strategic, financial and operational performance as well as information regarding risk and regulatory compliance. This information is provided to the Directors through reports prior to each board meeting, and through presentations on key issues.

Lebedev Holdings Limited

Strategic report (continued)

Section 172(1) statement (continued)

These activities ensure that the board has an overview of engagement with stakeholders which enable them to comply with their legal duty under Section 172 of the Companies Act 2006.

Approach to engagement

Employees. During the year there have been a number of director presentations to all staff both in person and over video-conferencing. These have provided an overview of performance and strategic direction for the business. Additionally there have been staff surveys conducted to understand employee concerns and engagement.

Suppliers. Supplier engagement is largely devolved to an operational level, and operational executives are expected to develop strong relationships with all key suppliers. Individual directors have met with key some key suppliers during the year to discuss important issues.

Community. The business approach is to use our position of an iconic media publisher to create positive change for people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. Senior members of the editorial team are involved in numerous community groups which help shape the editorial direction of the products including the launch of fund-raising campaigns which this year included our food for London campaign in collaboration with The Felix Project

Environment. The business recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements systems to minimise adverse effects that might be caused by its operations. Initiatives have been designed and implemented to manage and reduce the Company's environmental footprint which includes reducing emission to air and water, reducing amount of solid waste sent to landfills and improving energy use and efficiency.

Readers. The Directors have established a Code of Conduct that sets clear journalistic guidelines to ensure products not only comply with legal requirements but also aim for a higher level of editorial independence and integrity. The Code of Conduct also establishes a robust complaints procedure to ensure that any issues are properly investigated and appropriately responded to. On a more general level, to assist in the strategic direction of the products and the business, the Evening Standard undertakes snapshot surveys of reader response to key issues, which provide valuable information on which to base decisions.

Customers. The primary customers of the Company are advertisers. The business believes in developing very strong relationships at an operational level with customers. These relationships are supported and augmented as necessary by the Directors. Significant proportion of company revenue comes through small number of customers, who are closely communicated at a senior level.

Fairness. The Directors aim to understand the view of the Company's shareholders and always act in their best interest. In order to do this, the Directors work closely with the shareholders to ensure operations, strategy and performance are aligned with their long-term objectives, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.

This year has provided additional challenge in maintaining these relationships, with face to face meetings replaced by phone and video conferencing. The business has invested in the technology to ensure that communications can still be effectively maintained.

The following key decisions taken during the year are some examples of how Directors have had regard to the matters set out in Section 172 (a)-(f) when discharging their duties, and the effect of those interactions on certain decisions made.

- 1.) *Distribution.* Following feedback from readers, consultation with suppliers and employees, the business has gradually shifted from home delivery copy back to stations and streets to reflect the change in economic behaviour.
- 2.) *Values.* The company undertook a programme of employee workshops to develop a series of values that reflected the company, its employees, and beliefs.
- 3.) *New Product Development.* The company continued to invest in new product development to help shape the future of the company and adapt to changing consumer behaviour. These products include an improved suite

Lebedev Holdings Limited

Strategic report (continued)

Section 172(1) statement (continued)

Approach to engagement (continued)

of digital content solutions and live events targeting small and medium sized business. During the development phase of these products there was extensive discussion with employees and customers.

- 4.) Office move. The company has begun to look for a new office premise as it will need to move in October 2022. It has already involved employees in this discussion.

Key performance indicators

In order to monitor the development, performance and financial position of the business, the Group uses key performance indicators such as total revenue, operating margin, average daily circulation, monthly page views, visits and unique users, advertising yield, average daily paginations and advertising ratios. Total revenue and audience have been analysed in the review of business section. Management have included above what they consider to be the most significant financial KPIs outlined on page 2.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are described below:

Liquidity and cash flow

As described in note 1, the Group relies on the continued support of its shareholder lenders in order to continue to trade. The Group's shareholder and lenders have expressed their willingness to continue supporting the Group as and when required, however there is no formal funding facility agreed and therefore there is inherent uncertainty as to the continued availability of funding. Nevertheless, the Directors currently have no reason to believe that Group companies will not have access to adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis in preparing the financial statements.

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses long-term debt finance provided by its shareholders. Since funding is provided on an "as needed" basis, the Group ensures it has sufficient funds in place by preparing detailed cash flow forecasts and providing sufficient notice of any future requirements to its shareholders.

Audience delivery

ESTV Limited's financial projections and business model depend on London Live delivering a certain level and quality of audience. Audience delivery within the context of a newly launched TV channel as part of a new local TV initiative is challenging and difficult to predict. All content acquisitions are appraised against strictly defined return on investment criteria, whilst the channel is cross-promoted by other Group brands.

Exposure to changes in the economy and advertising patterns

The Group is highly reliant on advertising revenue which has been historically cyclical with companies spending less during an economic slowdown. They are currently three macro factors which are impacting this, the conflict in Ukraine, which has caused some clients to review their spending, the long-term effects of the Covid lockdown which have changed some companies spending patterns and the overall economic environment with inflationary pressures and inconsistent economic growth. The Group has a continuing commitment to invest in its editorial team and to maintain high levels of quality in our brands and products, which helps us to reduce the effect of these fluctuations by maintaining the strength of our products in the markets.

Legal and regulatory

The Group ensures its staff are made aware of their obligations to operate ethically and entirely within the law. This is reinforced through a rigorous and strictly enforced Code of Conduct that has been issued to all staff of the Group.

Following the closure in September 2014 of the Press Complaints Commission, the Group decided not to join the new system of self-regulation established by other parts of the industry. This was the result of the Group believing that

Lebedev Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Legal and regulatory (continued)

questions remained to be answered about how the Independent Press Standards Organisation (IPSO) would operate. In lieu of subscribing to IPSO the Group strengthened its internal complaints handling mechanism, notably by increasing the relevant staffing resource. The Group also made clearer to readers of its titles how they could complain about published content or the behaviour of journalists.

Overall, the number of complaints received about editorial matters has risen, but that appears largely to reflect the fact that more material is being published on the Group's websites and our online audiences have grown, as well as the better signposting of our in-house complaints system. Senior editorial executives have been updated on the current state of play and in particular have been made aware of which issues tend to give rise to complaints from readers.

The Group will of course continue to monitor the situation. It has also been in ongoing discussions with IPSO about the possibility of joining the wider system of self-regulation. Some of the questions which the Group had about IPSO's operation have been satisfactorily answered; other points may be sufficiently clarified in the coming year.

Aside from its in-house Code of Conduct and related policies and guidance, the business is subject to all applicable laws and regulations, including those pertaining to defamation, contempt, privacy, anti-bribery, anti-slavery, consumer protection, health and safety, data protection and employment. Additionally, there are specific regulations set out by

The Audit Bureau of Circulation (ABC) to which the Group must adhere. Changes to, or breaches of, such laws or regulations could adversely affect the future results and reputation of the Group. Staff are made aware of health and safety and employment rights through the Group's intranet. Controls are also in place surrounding compliance with the ABC's regulations and those of other regulatory bodies.

Adverse results from litigation or other proceedings

From time to time the Group is party to litigation regarding defamation and privacy claims, the outcome of which is subject to significant uncertainty. An adverse outcome could result in reputational harm, as well as requiring the Group to pay out significant monetary damages and legal costs. This could adversely affect the Group's results, as well as its ability to conduct business as it is presently conducted.

Price volatility of newsprint

Newsprint represents a significant proportion of the Evening Standard Limited's costs. Newsprint prices are subject to increasing volatility arising from variations in supply, demand, and currency valuations and these variations can be significant. The Group continues to closely monitor paginations and circulation levels to attempt to mitigate the impact of newsprint prices.

The impact of technological and market changes on our competitive advantage

The business operates within a highly competitive environment that can be subject to rapid change. Our products and services, and their means of delivery, are affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. The structural change in advertising markets resulting in a significant migration from printed products to digital platforms has affected our results but also provides future opportunities.

Network and information systems and other technology disruption

Network and information systems and other technologies are important to the Group's business activities. The Group also relies on third party providers for certain technology and 'cloud based' systems and services that support a variety of business operations. Failure or misuse of these systems and technologies can cause a disruption in the Group's operations, customer or advertiser dissatisfaction, damage to reputation or brand, a loss of customers or revenues and other financial losses.

Information security breach or cyberattack

An information security breach would cause reputational damage with potential for a resultant loss of revenue. A breach of data protection legislation could result in financial penalties for the business affected and potentially the Group. The

Lebedev Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

investigation and management of an incident would result in the diversion of management time. Controls are in place to ensure robust information security which are closely reviewed, monitored, and updated regularly.

Credit risk

The Group is exposed to credit risk as its balance sheet includes significant receivables balances. Management mitigates this risk through rigorous monitoring and collection of receivables balances, regular communication with major agencies and credit insurance.

Impact of a major disaster or outbreak of disease

Any disaster, such as a geopolitical event or a pandemic, such as coronavirus, which significantly affects the wider environment or infrastructure in a location where the Group has material operations, could adversely affect the Group. Such an event might affect our ability to produce and deliver our products, reduce the demand for them, or significantly affect our cost base. The Group has plans in place to manage the impact of these risks via its Disaster Recovery plan. The impact of the coronavirus is further explained in the Review of business and future developments section.

Reliance on key suppliers

The loss of a key supplier due to disaster or economic downturn, or a significant worsening of commercial terms with key suppliers could adversely affect the Group's results and its ability to produce key products and services. The Group subsidiaries have disaster recovery plans in place and resources are also devoted to ensuring the relationships with key suppliers are maintained and upheld and that alternative suppliers are available.

Reader/listener promotions

The Group runs reader promotions and competitions, which could significantly impact the Group's reputation if they were found to be conducted inappropriately. Controls are in place to ensure that competitions and promotions are closely reviewed and monitored before they begin and whilst they are in progress.

Employees

Under the Group's general policy of decentralised management, it is the responsibility of the management in each department to encourage the involvement and participation of the employees in the Group.

The methods used depend on the varying sizes of the departments but management make every effort to ensure regular contact and exchange of information with staff. It is the Group's policy to give full and fair consideration to suitable applications from disabled persons for employment. Where employees become disabled in the course of their employment, 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.

Environmental and reduced carbon emissions targets

There is reputational risk on three fronts: the Group uses significant production resources which are energy intensive; it transports newspapers around London in vans; and sometimes poly wraps the magazine in plastic wrap. The Group looks to address environmental concerns by sourcing newsprint from northern hemisphere sustainable forests.

Talent

The Group's ability to identify, attract, retain and develop the right people for senior and business-critical roles could impact the Group's performance. The Group is investing in management training, coaching and talent development. Along with this the Company is developing an inclusive and open culture.

Approved by the Board of Directors and signed on behalf of the Board 21 June 2022.



M Malhotra
Director

Lebedev Holdings Limited

Directors' report

The Directors present their annual report and the audited financial statements for the 53 weeks ended 3 October 2021. The Group makes up its accounts to the Sunday nearest to 30 September. The Group has chosen, in accordance with section 414C (11) of the Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Directors' report.

Financial risk management and policies

Details of financial risk management and policies can be found in the Strategic Report on page 5 to page 7 and form part of this report by cross-reference.

Future developments

Details of future developments can be found in the Strategic Report (Review of business and future developments section) on page 2 to page 3 and form part of this report by cross-reference.

Events after the balance sheet date

ES London Limited, a Group subsidiary terminated its trademark license with Associated Newsprint Limited, a related party, on 20th October 2021. The Directors intend to cease trading in the next 12 months following on from the date of termination of its trademark license.

Results and dividends

The loss after taxation for the period amounted to £9,850,000 (2020 loss: £14,382,000). In light of the retained losses to date, no dividend has been proposed or declared (2020: £Nil).

Directors

The Directors, who served during the year, and up to the date of approval of these financial statements were as follows:

E Lebedev
M Malhotra

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Strategic report. The Group has recorded an operating loss in the period and requires further funding for the foreseeable future.

As explained further in Note 1, the Group meets its day-to-day working capital requirements through long term loans as and when required. The Group's forecasts and projections show that the Group will deliver operating profits by the end of the next twelve months in line with its continued focus on improving its financial performance, cost control and development of new businesses. However, the Group will continue to require additional funding to be made available by Mr Evgeny Lebedev or the shareholders to continue as a going concern. Mr Lebedev and the Group's shareholders have expressed their willingness to continue supporting the Group as and when required. An additional shareholder financing facility was agreed in Evening Standard Limited providing up to £20,000,000 of additional financing if required, of which £16,000,000 was drawn down as at 3 October 2021. Apart from this agreement, there are no formal shareholder funding facilities agreed, and therefore there is uncertainty as to the continued availability of funding. This creates a material uncertainty, which may cast significant doubt on the Group's ability to remain a going concern.

Nevertheless, the Directors currently have no reason to believe that the Group will not have access to adequate resources to continue in operational existence for the foreseeable future and based on expressions of support received from shareholders, the Directors are confident that further funding will be available in due course when required, and they have therefore adopted the going concern basis in preparing the financial statements.

Lebedev Holdings Limited

Directors' report

Charitable and political contributions

During the year, the Group made charitable donations of £43,101 (2020: £45,458) and political donations of £Nil (2020: £Nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, including companywide briefings, departmental updates and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Group also regularly gathers feedback from employees via staff surveys, the results of which are used to inform the people strategy.

Energy and carbon reporting

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting ("SECR") covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions. The below table relates to Evening Standard Limited, there is no requirement for other Group Company's to produce as they do not qualify for the "SECR" requirements.

We note that in prior year due to national lockdowns caused by the Covid-19 pandemic, energy and carbon usage was at historically lower levels. During the current financial year, with business operations returning to normal Total Gross Emission have returned to more normalised levels mainly due to an increase in business transportation.

	2021	2020	
Total energy use covering electricity and transport	3,505,828	1,691,614	kWh
Total emissions generated through combustion of gas (Scope 1)	-		tCO2e
Total emissions generated through use of purchased electricity (Scope 2)	95	83	tCO2e
Total emissions generated through business travel (Scope 3)	623	276	tCO2e
Total gross emissions	718	359	tCO2e
Intensity ratio (total gross emissions)	22	11	kg CO2e per sqft
Intensity ratio (transport emissions only)	1	1	kg CO2e per mile
Intensity ratio (electricity emissions only)	3	3	kg CO2e per sqft

Energy efficiency actions

The Group is committed to responsible energy management and will practice energy efficiency throughout the organisation, wherever it is cost effective. The Group recognises that climate change is one of the most serious environmental challenges currently threatening the global community and understands that it has a role to play in reducing greenhouse gas emissions.

The Group has implemented the policies below for the purpose of increasing the businesses energy efficiency in the relevant financial year.

- Reviewed and re-routed distribution operation which enabled a reduction in distribution routes by three.
- Adopted hybrid working practices which has reduced office footprint with knock on effect on commuter impacts on the environment.

Lebedev Holdings Limited

Directors' report

Energy and carbon reporting (continued)

Energy efficiency actions (continued)

- Implemented and encouraged video conferencing, including investment in fully remote enabled meeting rooms.

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28/10/2019) used in conjunction with Government GHG reporting conversion factors.

Capital structure

The Group's capital structure at the beginning and end of the period consists of Voting and Non-Voting Ordinary Shares as follows:

Class of share	Number of shares	Percentage of total share capital
A Ordinary shares of £1 each	1,590,000	67%
B Ordinary shares of £1 each	795,000	33%
C Ordinary shares of £0.001 each	265	0%
	<u>2,385,265</u>	<u>100%</u>

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board 21 June 2022.



M Malhotra
Director

Lebedev Holdings Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Lebedev Holdings Limited

Independent auditor's report to the members of Lebedev Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lebedev Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 3 October 2021 and of the group's loss for the 53 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account and statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the group reported a loss before tax £10,682,000 during the 53 weeks ended 3 October 2021 and at that date it had net liabilities of £34,444,000. The company requires continuous financial support from the shareholders and notwithstanding the £20,000,000 shareholder facility of which £16,000,000 has been drawn down at the balance sheet date, there is no other formal funding arrangement in place. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

Lebedev Holdings Limited

Independent auditor's report to the members of Lebedev Holdings Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Lebedev Holdings Limited

Independent auditor's report to the members of Lebedev Holdings Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the revenue recognition in relation to cut off and our specific procedures performed to address it are described below:

- assessing the design and implementation of the key internal controls in place in respect of revenue cut off; and
- performing substantive audit procedures which included performing cut off testing to check that a sample of sales transactions were recorded in the proper accounting period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Lebedev Holdings Limited

Independent auditor's report to the members of Lebedev Holdings Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Andrew Evans (Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 June 2022

Lebedev Holdings Limited

Consolidated profit and loss account and statement of comprehensive income For the 53 weeks ended 3 October 2021

	Notes	2021 £'000	2020 £'000
Turnover	1, 3	35,472	50,238
Cost of sales		<u>(25,736)</u>	<u>(37,042)</u>
Gross profit		9,736	13,196
Net operating expenses	4	(19,408)	(22,712)
Restructuring costs	4	(352)	(4,253)
Other income	4	<u>2,191</u>	<u>1,338</u>
Operating loss		(7,833)	(12,431)
Finance costs (net)	8	<u>(2,849)</u>	<u>(2,958)</u>
Loss before taxation		(10,682)	(15,389)
Tax on loss	9	<u>-</u>	<u>-</u>
Loss after taxation		(10,682)	(15,389)
Minority interests	19	832	1,007
Retained loss for the financial year		<u>(9,850)</u>	<u>(14,382)</u>
Total comprehensive loss		<u>(9,850)</u>	<u>(14,382)</u>

All amounts relate to continuing activities. The notes on pages 21 to 42 form part of these financial statements.

Lebedev Holdings Limited


Consolidated balance sheet As at 3 October 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	10	603	598
Tangible assets	11	809	1,136
		<u>1,412</u>	<u>1,734</u>
Current assets			
Stocks	13	387	416
Debtors	14	10,810	9,859
Cash at bank and in hand		3,491	7,403
		<u>14,688</u>	<u>17,678</u>
Creditors: amounts falling due within one year	15	(16,179)	(12,067)
Net current (liabilities) / assets		<u>(1,491)</u>	<u>5,611</u>
Total assets less current liabilities		(79)	7,345
Creditors: amounts falling due after more than one year	16	(29,327)	(22,601)
Provisions for liabilities	17	(5,038)	(10,223)
Net liabilities		<u>(34,444)</u>	<u>(25,479)</u>
Capital and reserves			
Called up share capital	18	2,385	2,385
Share premium		22,483	22,483
Other reserves		158,717	157,096
Retained earnings		(216,338)	(206,488)
Total equity shareholders' deficit		<u>(32,753)</u>	<u>(24,524)</u>
Minority interests	19	(1,691)	(955)
		<u>(34,444)</u>	<u>(25,479)</u>

The notes on pages 21 to 42 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 21 June 2022.

Signed on behalf of the Board of Directors



M Malhotra
Director

Lebedev Holdings Limited

Company balance sheet As at 3 October 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	12	24,366	24,268
Current assets			
Debtors	14	2	1
Cash at bank and in hand		391	429
		<u>393</u>	<u>430</u>
Creditors: amounts falling due within one year	15	(27)	(14)
Net current assets		<u>366</u>	<u>416</u>
Total assets less current liabilities		24,732	24,684
Creditors: amounts falling due after more than one year	16	(711)	(652)
Net assets		<u>24,021</u>	<u>24,032</u>
Capital and reserves			
Called up share capital	18	2,385	2,385
Share premium		22,483	22,483
Retained earnings		(10,027)	(10,016)
Other reserves		9,180	9,180
Total equity shareholders' surplus		<u>24,021</u>	<u>24,032</u>

The notes on pages 21 to 42 form part of these financial statements.

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account. The loss for the year dealt with in the accounts of the Company was £11,000 (2020: profit of £28,000).

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 21 June 2022.

Signed on behalf of the Board of Directors



M Malhotra
Director

Lebedev Holdings Limited

Consolidated cash flow statement For the 53 weeks ended 3 October 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operating activities	20	(8,383)	(5,303)
Cash flows from investing activities			
Returns on investments and servicing of finance	21	-	47
Capital expenditure and financial investment	21	(1,135)	(1,151)
Cash (outflow) before financing activities		<u>(9,518)</u>	<u>(6,407)</u>
Cash flows from financing activities			
Borrowings	21	9,000	7,200
Repayment of borrowings	21	(3,394)	(3,050)
(Decrease) in cash in the year		<u>(3,912)</u>	<u>(2,257)</u>
Cash and cash equivalents at the beginning of the year		<u>7,403</u>	<u>9,660</u>
Cash and cash equivalents at the end of the year		<u>3,491</u>	<u>7,403</u>

Lebedev Holdings Limited

Statement of changes in equity For the 53 weeks ended 3 October 2021

Group	Notes	Share capital £'000	Share premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000	Minority interests £'000	Total £'000
Balance at 29 September 2019		2,385	22,483	134,274	(192,106)	(32,964)	(1,643)	(34,607)
Loss for the year		-	-	-	(14,382)	(14,382)	(1,007)	(15,389)
Total comprehensive loss		-	-	-	(14,382)	(14,382)	(1,007)	(15,389)
Capital contribution on shareholder loans	16	-	-	-	-	-	1,695	1,695
Capital contribution upon disposal of subsidiary		-	-	22,822	-	22,822	-	22,822
Balance at 27 September 2020		2,385	22,483	157,096	(206,488)	(24,524)	(955)	(25,479)
Loss for the year		-	-	-	(9,850)	(9,850)	(832)	(10,682)
Total comprehensive loss		-	-	-	(9,850)	(9,850)	(832)	(10,682)
Capital contribution on shareholder loans	16	-	-	1,621	-	1,621	96	1,717
Balance at 3 October 2021		2,385	22,483	158,717	(216,338)	(32,753)	(1,691)	(34,444)

Company	Share capital £'000	Share premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000
Balance at 29 September 2019	2,385	22,483	9,180	(10,044)	24,004
Profit for the year	-	-	-	28	28
Total comprehensive income	-	-	-	28	28
Balance at 27 September 2020	2,385	22,483	9,180	(10,016)	24,032
Loss for the year	-	-	-	(11)	(11)
Total comprehensive loss	-	-	-	(11)	(11)
Balance at 3 October 2021	2,385	22,483	9,180	(10,027)	24,021

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

1. Accounting policies

Basis of preparation of financial statements

The Company is a company incorporated in England and Wales under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and the nature of the Company's operations are set out in the strategic report on pages 2 to 8.

The consolidated financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Going concern

The Group incurred a loss before taxation of £10,682,000 during the 53 weeks ended 3 October 2021 and at that date it had net liabilities of £34,444,000. The Company made a loss of £11,000 during the 53 weeks ended 3 October 2021 and at that date it had net assets of £24,021,000. The continued impact of the coronavirus pandemic during the year resulted in an advertising revenue decline across the industry which is widely expected to rebound in 2022. The Company and the Group require significant further funding to meet day to day working capital requirements through long term finance provided by shareholders and companies under common control. As mentioned in the Strategic report, an additional shareholder financing facility for Evening Standard Limited was agreed during the prior year providing up to £20,000,000, of which £9,000,000 (2020: £7,000,000) was drawn down as at 3 October 2021. Notwithstanding this agreement, Mr Evgeny Lebedev, who is a director of the Company, has confirmed to the other directors his on-going commitment to provide adequate funding for at least twelve months from the date of approval of these financial statements although no other formal funding arrangement is in place.

On this basis and having given due consideration to the Company's and the Group's forecasts and projections, the directors believe that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future and consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. However, should the financial support be discontinued, the going concern basis may not be valid, the Company and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide for further liabilities that may arise. In accordance with Accounting Standards and the UK Financial Reporting Council's Guidance for Directors on Going Concern, the directors have therefore concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company and the Group's ability to continue as a going concern but nevertheless have prepared the accounts on a going concern basis in light of the written confirmation received regarding the intention of Mr Lebedev to continue to meet the Company's and the Group's funding requirements. The financial statements do not include the adjustments that would result if the Company and the Group were unable to continue as a going concern.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

1. Accounting policies (continued)

Going concern (continued)

In this regard, readers should note that the effect of recording interest free shareholder loans in accordance with FRS 102 is to discount the loan principal at an effective interest rate based on comparable market data, details of which are set out in note 16. This results in the carrying value liability being stated at £29,327,000 (2020: £22,601,000) compared to the loan principal outstanding of £76,147,000 (2020: £70,542,000).

Financial year

The results for 2021 represent the 53 weeks from 28 September 2020 to 3 October 2021. The comparative accounts were for the 52 weeks from 30 September 2019 to 27 September 2020.

Basis of consolidation

The financial statements consolidate the accounts of Lebedev Holdings Limited and all of its subsidiary undertakings ('subsidiaries'). The results of subsidiaries acquired during the period are included from the effective date of acquisition. The results of subsidiaries disposed during the period are excluded from the effective date of disposal.

Turnover

Turnover 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. Rebates are accrued when they become contractually due. Publishing and circulation revenue is recognised on the issue of the publication. Advertising revenue is recognised on date of broadcast or over the period of the campaign. Digital revenues are recognised on publication for advertising or delivery of service for other digital revenues.

Where customers are granted the right to acquire future services at a discount through contract extensions, which would not have been received without the customer purchasing content services from the Company, the contracted obligation to provide the discount to the customer is accounted for separately at the inception of the contract. Consideration receivable from the customer in the initial period of the contract is allocated between advertising services in the period and the customer's right to purchase further services at a discount. The allocation is dependent on the expectation, at the inception of the contract, that the customer will exercise their right to purchase further services at a discount and the initial allocation is not subsequently updated for changes in this expectation. The value of the customer's renewal option is deferred and recognised over the period of the contract renewal, where the customer exercises their right to extend, or point in time where the customer's right to extend the contract and receive future discounted services expires.

Barter transactions

Turnover and costs in respect of barter transactions for advertising are recognised only where there is persuasive evidence of the value at which, if it had not been exchanged, the advertising would have been sold for cash in a similar transaction.

Programme assets

Programme assets are recognised as intangible assets once they become available and licenced for transmission. Advance payments prior to the programme being available and licenced for transmission are recorded as prepayments. Programme assets are recognised as current or non-current based on their usage within or beyond the current financial year and assessed for impairment bi-annually. Amortisation of programme assets reflects the underlying economics of the asset base. Programme assets are amortised in full on the first run.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

1. Accounting policies (continued)

Programme assets (continued)

ESTV Limited reviews the carrying amounts of all its programme assets to determine whether there is any indication that any of those assets have suffered an impairment loss. An impairment is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its net realisable value. In estimating the net realisable value, consideration is given to historical performance; estimated discounted future cash flows; when the programmes and films are scheduled for transmission and the contracted sales price and estimated costs for completion for programmes in production.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulate depreciation and provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and equipment	20-33% straight line
Fixtures and fittings	10-33% straight line

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

1. Accounting policies (continued)

Financial instruments (continued)

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Leasing

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

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

Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates prevailing at the balance sheet date. All exchange differences are taken to the profit and loss account.

Investments

Investments in subsidiaries are valued at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Intangible fixed assets

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 immediately if impaired. Purchased intangible assets relating to newspaper publishing rights, titles and other intangible assets are capitalised and written off immediately if impaired. Programme assets are amortised in full on the first run and this is included within cost of sales.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

1. Accounting policies (continued)

Stocks

Stocks represent the cost of newsprint valued at the lower of cost and net realisable value.

Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The Group operates defined contribution pension schemes and contributes to the personal pension schemes of employees. The pension charge represents the amounts payable by the Group to the fund in respect of the year.

Related party transactions

The Company has taken advantage of the exemption in Section 33 of FRS 102, not to disclose transactions between wholly-owned members of the group.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Other reserves

Capital contributions arise when accounting for shareholder loans within the Group when they are provided at an off market rate of interest. The difference between loan principal and the present value of future cash flows discounted at a market rate of interest for a similar debt instrument determined at initial recognition is recognised within other reserves. The balance within other reserves reflects accumulated capital contributions from accounting for shareholder loans and the prior year disposal of the Group's subsidiary, Independent Print Limited.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

1. Accounting policies (continued)

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting judgements and key sources of uncertainty that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting judgements

Control over subsidiary

In applying the requirements of FRS 102 section 9: Consolidated and separate financial statements, significant judgement is required to determine whether the Company has control over its wholly owned subsidiary ESTV Limited and, therefore, whether ESTV Limited should be included within the consolidated financial statements of the group. ESTV Limited is subject to a separate shareholders' agreement, which governs the basis on which decisions are taken by the shareholders. Mr Evgeny Lebedev, in his capacity as the ultimate controlling shareholder and Director of the Company, has sole decision making powers over all matters relating to ESTV Limited, provided decisions are taken in the reasonable best interests of Lebedev Holdings Limited's members as a whole. The Directors evaluated the terms of the shareholders agreement and concluded that Mr Lebedev makes his decisions over ESTV Limited in his capacity as a director of the Company and, as a result, that the Company has control (as defined in FRS 102) over ESTV and therefore, that, ESTV should be consolidated as at 3 October 2021.

Key sources of estimation uncertainty

In the opinion of the Directors there are no key sources of estimation uncertainty applicable to these financial statements.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

3. Turnover

The turnover is attributable to the publishing of newspapers and magazines, related website activities and television broadcasting.

	2021 £'000	2020 £'000
News publishing	26,952	42,838
TV broadcasting	7,415	6,183
Events	1,105	1,217
	<u>35,472</u>	<u>50,238</u>

Included within News publishing is £432,000 (2020: £747,000) of advertising revenue which was provided in return for goods and services. Included within TV broadcasting is £106,000 (2020: £106,000) of advertising revenue which was provided in return for goods and services. All turnover arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging/ (crediting):

	2021 £'000	2020 £'000
Distribution costs	9,733	11,511
Depreciation of tangible fixed assets	576	555
Programme amortisation	881	383
Operating lease costs		
- property rental	1,265	1,265
- motor vehicles	485	545
Redundancy and reorganisation	22	15
Other operating costs	10,514	12,622
Total administrative expenses	13,743	15,385
Other operating income - recharges	(4,068)	(4,184)
Net operating expenses	<u>19,408</u>	<u>22,712</u>
Government grants	(110)	(1,338)
Restructuring programme	352	4,253
Covid claim insurance payout	(2,081)	-
Total operating expenses	<u>17,569</u>	<u>25,627</u>

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

4. Operating loss (continued)

The Group recharges certain payroll rent and IT support costs to other connected entities contained within other operating costs. The amount recharged is included as other operating income - recharges.

Other income separate from net operating expenses represent amounts received from government grants in respect of Coronavirus Job Retention Scheme. The Group also took advantage of the VAT deferral scheme and will settle any outstanding amounts as they fall due.

The Group received interim payments in respect of a Covid-19 insurance claim in relation to business interruption, which is currently in the process of being settled.

5. Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	19
Fees payable to the Company's auditor for taxation compliance services of the Company	1	1
Fees payable to the subsidiaries' auditor for the audit of accounts of subsidiary companies	94	96
Fees payable to the subsidiaries' auditor for taxation compliance services of subsidiary companies	10	15

6. Staff costs

Staff costs were as follows:

Group	2021 £'000	2020 £'000
Wages and salaries	14,581	18,853
Social security costs	1,680	2,261
Other pension costs (note 23)	1,432	1,606
	17,693	22,720

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Notes to the financial statements For the 53 weeks ended 3 October 2021

6. Staff costs (continued)

The monthly average number of employees, including the Directors, during the year was as follows:

Group	2021	2020
	No.	No.
TV Broadcasting	25	26
News Publishing	229	316
Events	7	4
	<u>261</u>	<u>346</u>

7. Directors' emoluments

	2021	2020
	£'000	£'000
Directors' emoluments were as follows:		
Emoluments	238	405
Compensation for loss of office	27	417
	<u>265</u>	<u>822</u>

Retirement benefits are accruing to nil directors (2020: nil) under a money purchase scheme.

	2021	2020
	£'000	£'000
Highest paid director		
Emoluments	218	392
Compensation for loss of office	27	417
	<u>245</u>	<u>809</u>

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Notes to the financial statements For the 53 weeks ended 3 October 2021

8. Finance income

	2021 £'000	2020 £'000
Interest receivable	-	47
Interest payable on long term loans	(2,849)	(3,005)
	<u>(2,849)</u>	<u>(2,958)</u>

Included in interest payable on long term loans is notional interest of £2,849,000 (2020: £2,917,000) which arises on the unwinding of the present value of the loans using the effective interest rate applied to these loans upon recognition.

9. Taxation

	2021 £'000	2020 £'000
Total current tax charge	-	-
Total deferred tax charge	-	-
Total tax per income statement	<u>-</u>	<u>-</u>

a) Current tax

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £'000	2020 £'000
Loss before taxation	(10,682)	(15,389)
Tax on loss at standard rate of 19% (2019: 19%)	(2,030)	(2,924)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	310	737
Deferred tax not recognised	2,272	2,611
Income not taxable	(17)	-
Loan relationship credit	234	-
Losses not previously recognised for deferred tax	(769)	(424)
Total current tax charge	<u>-</u>	<u>-</u>

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

9. Taxation (continued)

In the March 2021 Budget, it was announced that the Corporation Tax rate will be increased to 25% from 1 April 2023, however this was not substantially-enacted at the balance sheet date, so deferred tax balances have not been adjusted to reflect this announcement.

b) Deferred tax

A deferred tax asset has not been recognised in respect of trading losses, fixed asset movements and other short term timing differences as it is currently more likely than not that there will not be suitable profits in the foreseeable future against which this asset may be utilised. The deferred tax asset not recognised is £28,788,000 (2020: £20,404,000) based on a tax rate of 19%.

10. Intangible fixed assets

Group	TV Programmes £'000	Trade- marks £'000	Goodwill £'000	Total £'000
Cost				
At 27 September 2020	1,524	2,000	3,623	7,147
Additions	886	-	-	886
Retirements	(689)	-	-	(689)
At 3 October 2021	1,721	2,000	3,623	7,344
Amortisation and impairment				
At 27 September 2020	926	2,000	3,623	6,549
Amortisation charge for the year	881	-	-	881
Retirements	(689)	-	-	(689)
At 3 October 2021	1,118	2,000	3,623	6,741
Net book value				
At 3 October 2021	603	-	-	603
At 27 September 2020	598	-	-	598

Additions for the year reflect the content investment strategy. Included within Retirements are programming licences which have expired as of 3 October 2021. There is no impact on the net book value of the Group's intangible assets.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

11. Tangible fixed assets

Group	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 27 September 2020	3,242	1,194	4,436
Additions	222	27	249
At 3 October 2021	<u>3,464</u>	<u>1,221</u>	<u>4,685</u>
Depreciation			
At 27 September 2020	2,189	1,111	3,300
Charge for the year	528	48	576
At 3 October 2021	<u>2,717</u>	<u>1,159</u>	<u>3,876</u>
Net book value			
At 3 October 2021	<u>747</u>	<u>62</u>	<u>809</u>
At 27 September 2020	<u>1,053</u>	<u>83</u>	<u>1,136</u>

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12. Fixed asset investments

Company	Investments in subsidiary companies £'000	Loans Receivable £'000	Total £'000
Cost			
At 27 September 2020	29,142	729	29,871
Additions	-	98	98
At 3 October 2021	29,142	827	29,969
Provisions for impairment			
At 27 September 2020 and 3 October 2021	(5,603)	-	(5,603)
Net book value			
At 3 October 2021	23,539	827	24,366
At 27 September 2020	23,539	729	24,268

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Company name	Country	Percentage shareholding	Description
ESTV Limited	England and Wales	100% Ordinary	TV Broadcasting
Evening Standard Limited	England and Wales	94.1% Ordinary*	Publishing of newspapers
ES London Limited	England and Wales	65.9% Ordinary	Advertising services and opportunities

*In 2019, Evening Standard Limited issued additional share capital in order to raise shareholder funding of £10,000,000. The Company now owns 94.5% of the 20,375 ordinary voting shares issued by Evening Standard Limited. It does not own any of the 75 ordinary non-voting shares issued by Evening Standard Limited.

Evening Standard Limited owns 70% of the ordinary shares of ES London Limited. ES London Limited provides advertising services and opportunities through digital sites and related domain names, operates principally within the United Kingdom and is registered in England and Wales.

The registered address of Evening Standard Limited and ES London Limited is Northcliffe House, 2 Derry Street, London, W8 5TT and of ESTV Limited is Northcliffe House, 2 Derry Street, London, W8 5HF.

In 2020, the Company granted £5,000,000 interest free loans to one of its subsidiaries which were repayable on 31 December 2025. On 14 July 2020, a loan amendment agreement was signed extending the date on which the interest free loans must be repaid to 31 December 2035. Under FRS 102, the directors are obliged to apply a fair value interest rate to shareholder loans, the impact being that £Nil (2020: £4,393,000) was recognised within Investments in subsidiaries reflecting the capital contribution to the subsidiary, with £827,000 (2020: £729,000) being the present value of the loan receivable at the balance sheet date. The directors assessed the effective interest rate as 13.5% based on comparative market data and as a result, £98,000 (2020: £122,000) was recognised in the year. The cash value payable on 31 December 2035 is £5,000,000 (2020: £5,000,000).

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Notes to the financial statements For the 53 weeks ended 3 October 2021

13. Stocks

	Group		Company	
	03-Oct	27-Sep	03-Oct	27-Sep
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Raw materials and consumables	387	416	-	-

14. Debtors

	Group		Company	
	03-Oct	27-Sep	03-Oct	27-Sep
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	6,003	4,698	-	-
Deferred tax	7	7	-	-
Other debtors	937	400	-	-
Prepayments and accrued income	3,863	4,754	2	1
	10,810	9,859	2	1

15. Creditors: amounts falling due within one year

	Group		Company	
	03-Oct	27-Sep	03-Oct	27-Sep
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	7,732	2,889	-	-
Social security and other taxes	1,164	1,054	-	-
Other creditors	705	305	-	-
Accruals and deferred income	6,578	7,819	27	14
	16,179	12,067	27	14

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16. Creditors: amounts falling due after more than one year

	Group		Company	
	03-Oct 2021 £'000	27-Sep 2020 £'000	03-Oct 2021 £'000	27-Sep 2020 £'000
Loans	29,327	22,601	711	652
	<u>29,327</u>	<u>22,601</u>	<u>711</u>	<u>652</u>

In prior year, new shareholder loan agreements were entered into to extend the maturities of existing interest free shareholder loans from 31 December 2025 to 31 December 2035 for Evening Standard Limited. Under FRS 102 section 11, the existing loans were derecognised at a carrying value of £33,030,000 and then subsequently recognised as a financial instrument at £7,423,000. The impact of this adjustment of £27,568,000 is recognised in Note 19 in prior year as capital contribution from the Company's shareholders. The cash value of the interest-free loans is £52,650,000 (2020: £52,650,000).

In prior year, an additional shareholder financing facility was agreed providing up to £20,000,000, of which a further £9,000,000 was drawn down as of 3 October 2021 (2020: £7,000,000). The Company will pay interest on the outstanding amount of the new shareholder loans at a rate of 12% a year. Under FRS 102 section 11, the Directors are required to apply a fair value interest rate to shareholder loans based on comparative market data. The Directors assessed the effective interest rate applied to shareholders loans as 13.5%. As a result, a further £1,621,000 (2020: £1,295,000) was recognised in note 19 as a capital contribution from the Company's shareholders. The carrying value of these loans at 3 October 2021 was £14,421,000. Interest at 13.5% on those loans amounted to £1,268,000 (2020: £81,000).

The carrying value of shareholder loans at 3 October 2021 was £23,373,000 (2020: £13,460,000). The shareholder loan liability excluding the impact of discounting would amount to £68,650,000 (2020: £59,650,000).

Loans made to ESTV Limited of £6,166,000 (2020: £9,217,000) are interest free and repayable with at least 13 month's notice in 2021 and 2022. Under FRS 102, the Directors have applied a fair value interest rate of 9% (2020: 9%) to all shareholder loans based on comparative market data. Interest free shareholder loans due after one year are stated at present value using the effective interest rate method as required by FRS 102. The total principal amount repayable is £6,757,000 (2020: £10,150,000). During the year, ESTV received shareholder loans amounting to £Nil (2020: £200,000) and repaid £3,394,000 (2020: £3,050,000).

Loans made to Lebedev Holdings Limited of £711,000 (2020: £652,000) are interest free and repayable in full on 31 December 2045. The Directors have reassessed the effective interest rate applied to shareholder loans with 9% being applied to all shareholder loans based on comparative market data. The total principal amount repayable is £5,742,000 (2020: £5,742,000).

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Notes to the financial statements For the 53 weeks ended 3 October 2021

17. Provisions

Group	Libel £'000	Contract discounts £'000	Restructuring provision £'000	Total £'000
At 27 September 2020	750	5,709	3,764	10,223
Charged during year	-	2,052	-	2,052
Utilised during year	(568)	(2,905)	(3,764)	(7,237)
At 3 October 2021	182	4,856	-	5,038

It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within two years of the balance sheet date and hence not discounted. The Company itself has no provisions. Contract discounts are further explained in Note 1, Turnover.

18. Share capital

	03-Oct 2021 £	27-Sep 2020 £
Allotted, called up and fully paid		
1,590,000 Class A ordinary shares of £1 each	1,590,000	1,590,000
795,000 Class B ordinary shares of £1 each	795,000	795,000
265,000 Class C ordinary shares of £0.001 each	265	265
	<u>2,385,265</u>	<u>2,385,265</u>

All shares have equal voting rights. A and B have equal rights to capital and distributions in preference to holders of C shares.

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Notes to the financial statements For the 53 weeks ended 3 October 2021

19. Minority interests

	£'000
At 29 September 2019	(1,643)
Proportion of loss after taxation for the year	(1,007)
Proportion of equity	1,695
At 27 September 2020	<u>(955)</u>
Proportion of loss after taxation for the year	(832)
Proportion of equity	96
At 3 October 2021	<u><u>(1,691)</u></u>

20. Net cash outflow from operating activities

	2021 £'000	2020 £'000
Operating loss	(7,833)	(12,431)
Depreciation of tangible fixed assets	576	555
Amortisation and impairment of intangible fixed assets	881	383
Decrease / (increase) in stocks	29	(158)
(Increase) / decrease in debtors	(962)	6,779
Increase / (decrease) in creditors	4,111	(1,376)
(Decrease) / increase in provisions	(5,185)	945
Net cash outflow from operating activities	<u><u>(8,383)</u></u>	<u><u>(5,303)</u></u>

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

21. Analysis of cash flows for headings netted in cash flow statement

	2021 £'000	2020 £'000
Returns on investments and servicing of finance		
Interest received	-	47
Net cash inflow from returns on investments and servicing of finance	<u>-</u>	<u>47</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(249)	(195)
Purchase of intangible fixed assets	(886)	(956)
Net cash outflow from capital expenditure	<u>(1,135)</u>	<u>(1,151)</u>
Financing		
Other new loans	9,000	7,200
Repayment of loans and interest	(3,394)	(3,050)
Net cash inflow from financing activities	<u>5,606</u>	<u>4,150</u>

Accrued interest has been excluded from cash flows relating to servicing of finance as the amounts remain unpaid.

22. Analysis of changes in net debt

	2020 £'000	FRS 102 adjustment for implied interest £'000	Interest accrued £'000	Debt Repayment £'000	Cash flow £'000	2021 £'000
Cash at bank and in hand	7,403	-	-	-	(3,912)	3,491
Debts falling due after more than one year	(22,601)	1,634	(2,754)	3,394	(9,000)	(29,327)
Net debt	<u>(15,198)</u>	<u>1,634</u>	<u>(2,754)</u>	<u>3,394</u>	<u>(12,912)</u>	<u>(25,836)</u>

On 14 July 2020 loan amendment agreements were signed extending the date on which some of the interest free shareholder loans must be repaid to 31 December 2035. This amounted to a substantial modification of the existing loans and on this date and as required by FRS 102 section 11 the existing loans were derecognised and then subsequently recognised as a new financial instrument. The impact of this adjustment is recognised within the FRS102 adjustment in the table above.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

23. Pension commitments

The Group operates defined contribution pension schemes and contributes to personal pension schemes of employees under which contributions are paid by the employer. The pension charge for the year was £1,432,000 (2020: £1,606,000). The amount owing in respect of pension funds at 3 October 2021 is £113,000 (2020: £154,000), included within accruals and deferred income.

24. Operating lease commitments

At 3 October 2021, the Group had total commitments under non-cancellable operating leases as follows (no leases falling due after five years):

Group	Land and buildings		Other	
	03-Oct	27-Sep	03-Oct	27-Sep
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Expiry date:				
Within one year	1,265	1,265	218	485
Between two and five years	97	1,382	47	28
Total	1,362	2,647	265	513

25. Share options

Group

On 30 September 2011, Evening Standard Limited granted 35 equity settled share options with a 10 year life to certain key management personnel at an exercise price of £8,300 per share. At balance sheet date, all remaining equity settled share options expired (2020: 15 remained). Given the history of losses, current debt levels and ownership structure, management believes that these options have a fair value of £Nil and hence no charge has been recorded in the financial statements.

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

26. Financial Instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial assets				
Debt instruments measured at amortised cost				
Trade debtors, other debtors and accrued income (see note 14)	9,130	7,308	-	-
Cash and cash equivalents	3,491	7,403	391	429
	<u>12,621</u>	<u>14,711</u>	<u>391</u>	<u>429</u>
Financial liabilities				
Measured at amortised cost				
Loans payable (see note 16)	29,327	22,601	711	652
Trade creditors, other creditors and accrued expenses (see note 15)	12,909	7,885	26	14
	<u>42,236</u>	<u>30,486</u>	<u>737</u>	<u>666</u>

Lebedev Holdings Limited

Notes to the financial statements For the 53 weeks ended 3 October 2021

27. Related party transactions

Group

Key management are those persons having authority and responsibility for planning, controlling, and directing the activities of the Group. In the opinion of the Board, the Group's key management are the Directors. Information regarding their compensation is given in note 7.

The ongoing costs of the Group have been funded by way of shareholder loans. The amount due from Lebedev Holdings Limited at 3 October 2021 to Mr Evgeny Lebedev and companies in which he has an interest was £498,000 (2020: £457,000). The loans are interest free and repayable in full on 31 December 2045 with the principal amount being £4,019,000 (2020: £4,019,000).

The Group also received loans from Mr Evgeny Lebedev, a director, and companies in which he has an interest, of £6,300,000 (2020: £5,100,000). The discounted amount due from the group at 3 October 2021 to Mr Evgeny Lebedev was £20,569,000 (2020: £16,914,000) with the principal balance being £43,000,000 (2020: £40,100,000). The loans within Evening Standard Limited are repayable on 31 December 2035 and the loans within ESTV Limited are repayable with at least 13 months' notice.

In addition to this, as at 3 October 2021, loans of £1,962,000 (2019: £1,729,000) were due to Daily Mail and General Holdings Ltd, a shareholder in one of the Group's subsidiaries. The principal amount of the loan was £11,865,000 (2020: £11,865,000) and it is repayable on 31 December 2035.

The Group made net sales of £1,526,000 (2020: £2,492,000) to Independent Digital News and Media Limited, a company under common control. The net amount owed to the Group in respect of these services on 3 October 2021 was £619,000 (2020: £961,000). The amount is interest free and repayable on demand.

On 4 December 2018 Lebedev Holdings Limited sold its shareholding in Independent Print Ltd for £79,000 to Mr Evgeny Lebedev, a controlling director of the company. Independent Print Ltd ceased being a member of the Lebedev Holdings Group at that date.

The Group made sales of £111,000 (2020: £112,000) to Independent Print Ltd, a company under common control. The net amount owed to the Company in respect of these services on 3 October 2021 was £215,000 (2020: £9,000). The amount is interest free and repayable on demand.

The Group provided and received various services to and from subsidiaries of Daily Mail and General Holdings Limited, a shareholder with a minority interest in the Group. During the year, the Group received revenues of £865,000 (2020: £3,123,000) in relation to advertising sales and was recharged costs of £3,022,000 (2020: £2,812,000) by Associated Newspapers Limited, whilst the net amount payable in respect of these services at 3 October 2021 was £4,076,000 (2020: net payable £1,785,000). Additionally, the Group was recharged costs of £3,258,000 (2020: £7,510,000) by Harmsworth Printing Limited and the amount payable at 3 October 2021 was £743,000 (2020: £Nil).

Company

On 3 October 2021, the loan due from the Company to Mr Evgeny Lebedev and companies in which he has an interest was £498,000 (2020: £457,000). The loan is interest free and under FRS 102 a fair value interest rate of 9% per annum has been applied. The interest charge for the year was £41,000 (2020: £38,000).

On 3 October 2021 the loan due from the Company to International Media Company, a shareholder of the Company, was £213,000 (2020: £195,000). The loan is interest free and under FRS 102 a fair value interest rate of 9% per annum has been applied. The interest charge for the year was £18,000 (2020: £16,000).

During the year, the Company granted £Nil (2020: £5,000,000) interest free loans to Evening Standard Limited, a subsidiary undertaking, which were repayable on 31 December 2025. On 14 July 2020, a loan amendment agreement was signed extending the date on which the interest free shareholder loans must be repaid to 31 December 2035. Under FRS 102, a fair value interest rate of 13.5% per annum has been applied. The cash value payable on 31 December 2035 is £5,000,000 (2020: £5,000,000). The loan has been disclosed in note 12.

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28. Post balance sheet date events

ES London Limited, a Group subsidiary terminated its trademark license with Associated Newsprint Limited, a related party, on 20th October 2021. The Directors intend to cease trading in the next 12 months following on from the date of termination of its trademark license.

Evening Standard Limited, a Group subsidiary has agreed a further £7million, 12% preference shareholder debt facility in March 2022. This facility is considered adequate for the funding of the business for the next 12 months.

29. Controlling party

The ultimate controlling party is Mr Evgeny Lebedev, who is a majority shareholder of the Company.