

Company Registration No. 06764905

Lebedev Holdings Limited

Annual Report and Financial Statements

for the 52 weeks ended 2 October 2022



Lebedev Holdings Limited

Annual report and financial statements 2022

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	8
Directors' responsibilities statement	11
Independent auditor's report	12
Consolidated profit and loss account and statement of comprehensive income	16
Consolidated balance sheet	17
Company balance sheet	18
Consolidated cash flow statement	19
Consolidated and Company statement of changes in equity	20
Notes to the financial statements	21

Lebedev Holdings Limited

Annual report and financial statements 2022

Officers and professional advisers

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Deloitte LLP
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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 52 weeks ended 2 October 2022 was the publishing of newspapers and associated activities and television broadcast. The analyses of turnover and operating loss for the 52 weeks ended 2 October 2022 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 £13,438,000 (2021: £10,682,000). The Group has net liabilities of £16,852,000 (2021: £34,444,000). 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.

Evening Standard is a news publishing business. It has a quality weekday newspaper that distributes for free throughout Greater London alongside a digital publishing operation. Its primary source of revenue is advertising sales, which represents over 90% of turnover. Whilst there were some improvements in revenue in the half of the year, as the country emerged from the coronavirus pandemic ("COVID-19"), there were serious impacts on advertising revenues from the cost of living crisis in the second half of the year. Turnover improved to £31,611,000 (2021: £28,067,000), which was 12% better than the previous year. Print revenues grew more quickly, at 19% year on year, than digital revenues, at 7%, due to a sharper impact of COVID-19 in the previous year. Evening Standard did maintain strong controls on circulation (in total reduced by 12% across the year) and pagination (increased by 10% due to improved revenue) in order to control cost pressure.

New shareholder loan agreements were entered into and the maturities of existing shareholder loans were extended from 31 December 2035 to 31 December 2045.

Costs were subjected to significant inflationary pressure and at group level the costs increased to £49,464,000 (2021: £43,305,000).

ESTV Limited generated an operating profit in the financial year of £3,439,000 (2021: £4,063,000). 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 1.6 million (2021: 1.65 million) adults watched London Live every month making it the 19th most watched commercial channel in London in terms of reach, whilst over 4.7 million (2021: 4.8 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% (2021: 0.52%). Average viewing to London Live also grew by 2% 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% (FY20/21) to 0.31%.

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.

Following the end of the financial year, the Evening Standard engaged with consultants to develop a direction for the business. This strategy will focus the future business on two core areas – the development of a digital-centric newsroom and the growth and launch of events and exhibitions to diversify the revenue base away from such heavy reliance on advertising.

Lebedev Holdings Limited

Strategic report (continued)

Outlook (continued)

Since the end of the financial year digital revenues have performed poorly, with advertising market challenges exacerbated by audience stagnation. A plan has been put in place to reinvigorate audience growth and to improve engagement on the digital platforms. This will involve a relaunch of the digital platforms in 2023.

In 2022, Evening Standard launched SME XPO, an exhibition targeting small and medium sized businesses. In its first instance it was profitable and we will seek to grow this from a strong base. We anticipate launching two exhibitions in 2023, with plans for further launches already in place for 2024.

ESTV Limited 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 Company 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.

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.

Lebedev Holdings Limited

Strategic report (continued)

Section 172(1) statement (continued)

Approach to engagement (continued)

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 On the Breadline, raising £4m for families struggling with the cost of living crisis.

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. In the year the business did move office locations, and in doing so sought to actively consider the environmental impact of the relocation.

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.

The business has invested in the technology to ensure that communications can still be effectively maintained in the post-pandemic hybrid model of working.

The following 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.* In March 2022, following feedback from readers, consultation with suppliers and employees, the business has fully shifted from home delivery copy back to stations and streets to reflect the change in economic behaviour.
- 2.) *Values.* Following 2021 workshop to establish common values, the Company focused on introducing value awards for teams and individuals within the Company who bring the awards to life in their every day work.
- 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 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 relocated to a new office in November 2022. During the relocation and fit out process, a working group of employees from across the business was established to inform and advise decision-making. A full employee survey was also undertaken to understand employees relationship with the office.

Lebedev Holdings Limited

Strategic report (continued)

Key performance indicators

In order to monitor the development, performance and financial position of the business, the Company uses key performance indicators such as total revenue, costs, operating loss, as well as average daily circulation and average daily paginations. 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 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.

Lebedev Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Legal and regulatory (continued)

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 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.

Lebedev Holdings Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

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.

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 3 August 2023.



M Malhotra
Director

Lebedev Holdings Limited

Directors' responsibilities statement

The Directors present their annual report and the audited financial statements for the 52 weeks ended 2 October 2022. 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 was dissolved on 3 January 2023.

Subsequent to year-end, Evening Standard Limited and ESTV Limited received shareholder loan funding totalling £16,800,000 and £1,030,000 respectively.

Results and dividends

The loss after taxation for the period amounted to £12,476,000 (2021: £9,850,000). In light of the retained losses to date, no dividend has been proposed or declared (2021: £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 recorded a loss before tax of £13,438,000 (2021: £10,682,000) during the 52 weeks ended 2 October 2022 and at that date it had net liabilities of £16,852,000 (2021: £34,444,000). 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 and net liabilities position in the period and requires further funding for the foreseeable future.

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 is striving to improve operating profitability 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 however there is no formal funding facility agreed.

Lebedev Holdings Limited

Directors' responsibilities statement

Going concern (continued)

On this basis, and having given due consideration to the Group's forecasts and projections, the directors believe that 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 in preparing these financial statements. However, should the financial support be discontinued the going concern basis may not be valid. Existence of events or conditions that may cast significant doubt on an entity's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business constitute material uncertainty. 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 which may cast significant doubt on the Company's ability to remain as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Charitable and political contributions

During the year, the Group made charitable donations of £3,048 (2021: £43,101) and political donations of £Nil (2021: £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 engagement

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.

	2022	2021	
Total energy use covering electricity and transport	2,249,463	3,505,828	kWh
Total emissions generated through combustion of gas (Scope 1)	-	-	tCO2e
Total emissions generated through use of purchased electricity (Scope 2)	94	95	tCO2e
Total emissions generated through business travel (Scope 3)	447	623	tCO2e
Total gross emissions	541	718	tCO2e
Intensity ratio (total gross emissions)	17	22	kgCO2e per sqft
Intensity ratio (transport emissions only)	1	1	kgCO2e per mile
Intensity ratio (electricity emissions only)	3	3	kgCO2e per sqft

Lebedev Holdings Limited

Directors' responsibilities statement

Energy and carbon reporting (continued)

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 including changing fleet to smaller vehicles to reduce capacity utilisation and reduce fuel usage
- Adopted hybrid working practices which has reduced office footprint with knock on effect on commuter impacts on the environment.
- 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%
	2,385,265	100%

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.

Approved by the Board of Directors and signed on behalf of the Board 3 August 2023.



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 2 October 2022 and of the group's loss for the 52 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 cash flow statement;
- the consolidated and parent statements of changes in equity; 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 £13,438,000 during the 52 weeks ended 2 October 2022 and at that date it had net liabilities of £16,852,000. The group requires continuous financial support from the shareholders however there is no formal funding facility agreed. There is uncertainty as to the ability of the shareholders to provide support to the group. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company'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 and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory framework 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 and 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 following area, being the cut off of display and digital advertising revenue streams and our specific procedures performed to address it are described below:

- assessing the design and implementation of the relevant 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

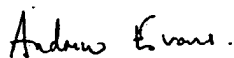
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 FCA (Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

3 August 2023

Lebedev Holdings Limited

Consolidated profit and loss account and statement of comprehensive income For the 52 weeks ended 2 October 2022

	Notes	2022 £'000	2021 £'000
Turnover	1, 3	38,865	35,472
Cost of sales		<u>(30,795)</u>	<u>(25,736)</u>
Gross profit		8,070	9,736
Net operating expenses	4	(18,701)	(19,760)
Other income	4	<u>32</u>	<u>2,191</u>
Operating loss		(10,599)	(7,833)
Finance costs (net)	8	<u>(2,839)</u>	<u>(2,849)</u>
Loss before taxation		(13,438)	(10,682)
Tax on loss	9	<u>-</u>	<u>-</u>
Loss after taxation		(13,438)	(10,682)
Minority interests	19	962	832
Retained loss for the financial year		<u>(12,476)</u>	<u>(9,850)</u>
Total comprehensive loss		<u>(12,476)</u>	<u>(9,850)</u>

All amounts relate to continuing activities. The notes on pages 21 to 40 form part of these financial statements.

Lebedev Holdings Limited

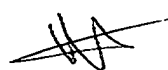
Consolidated balance sheet As at 2 October 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	10	537	603
Tangible assets	11	223	809
		<u>760</u>	<u>1,412</u>
Current assets			
Stocks	13	237	387
Debtors	14	14,059	10,810
Cash at bank and in hand		1,039	3,491
		<u>15,335</u>	<u>14,688</u>
Creditors: amounts falling due within one year	15	(19,547)	(16,179)
Net current liabilities		<u>(4,212)</u>	<u>(1,491)</u>
Total assets less current liabilities		(3,452)	(79)
Creditors: amounts falling due after more than one year	16	(10,040)	(29,327)
Provisions for liabilities	17	(3,360)	(5,038)
Net liabilities		<u>(16,852)</u>	<u>(34,444)</u>
Capital and reserves			
Called up share capital	18	2,385	2,385
Share premium		22,483	22,483
Other reserves		188,026	158,717
Retained earnings		(228,814)	(216,338)
Total equity shareholders' deficit		<u>(15,920)</u>	<u>(32,753)</u>
Minority interests	19	(932)	(1,691)
		<u>(16,852)</u>	<u>(34,444)</u>

The notes on pages 21 to 40 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 3 August 2023.

Signed on behalf of the Board of Directors



M Malhotra
Director

Lebedev Holdings Limited

Company balance sheet As at 2 October 2022

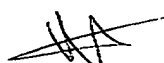
	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments	12	11,597	24,366
Current assets			
Debtors	14	326	2
Cash at bank and in hand		27	391
		<u>353</u>	<u>393</u>
Creditors: amounts falling due within one year	15	(27)	(27)
Net current assets		<u>326</u>	<u>366</u>
Total assets less current liabilities		11,923	24,732
Creditors: amounts falling due after more than one year	16	(776)	(711)
Net assets		<u>11,147</u>	<u>24,021</u>
Capital and reserves			
Called up share capital	18	2,385	2,385
Share premium		22,483	22,483
Retained earnings		(22,109)	(10,027)
Other reserves		8,388	9,180
Total equity shareholders' surplus		<u>11,147</u>	<u>24,021</u>

The notes on pages 21 to 40 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 £12,082,000 (2021: £11,000).

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 3 August 2023.

Signed on behalf of the Board of Directors



M Malhotra
Director

Lebedev Holdings Limited

Consolidated cash flow statement For the 52 weeks ended 2 October 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operating activities	20	(11,267)	(8,383)
Cash flows from investing activities			
Capital expenditure and financial investment	21	(81)	(1,135)
Cash outflow before financing activities		<u>(11,348)</u>	<u>(9,518)</u>
Cash flows from financing activities			
Borrowings	21	13,950	9,000
Repayment of borrowings	21	(5,054)	(3,394)
Decrease in cash in the year		<u>(2,452)</u>	<u>(3,912)</u>
Cash and cash equivalents at the beginning of the year		<u>3,491</u>	<u>7,403</u>
Cash and cash equivalents at the end of the year		<u>1,039</u>	<u>3,491</u>

Lebedev Holdings Limited

Statement of changes in equity For the 52 weeks ended 2 October 2022

Group	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 27 September 2020		<u>2,385</u>	<u>22,483</u>	<u>157,096</u>	<u>(206,488)</u>	<u>(24,524)</u>	<u>(955)</u>	<u>(25,479)</u>
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		<u>2,385</u>	<u>22,483</u>	<u>158,717</u>	<u>(216,338)</u>	<u>(32,753)</u>	<u>(1,691)</u>	<u>(34,444)</u>
Loss for the year		-	-	-	(12,476)	(12,476)	(962)	(13,438)
Total comprehensive loss		-	-	-	(12,476)	(12,476)	(962)	(13,438)
Capital contribution on shareholder loans	16	-	-	29,309	-	29,309	1,721	31,030
Balance at 2 October 2022		<u>2,385</u>	<u>22,483</u>	<u>188,026</u>	<u>(228,814)</u>	<u>(15,920)</u>	<u>(932)</u>	<u>(16,852)</u>

Company	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 27 September 2020	<u>2,385</u>	<u>22,483</u>	<u>9,180</u>	<u>(10,016)</u>	<u>24,032</u>
Loss for the year	-	-	-	(11)	(11)
Total comprehensive loss	-	-	-	(11)	(11)
Balance at 3 October 2021	<u>2,385</u>	<u>22,483</u>	<u>9,180</u>	<u>(10,027)</u>	<u>24,021</u>
Loss for the year	-	-	(792)	(12,082)	(12,874)
Total comprehensive loss	-	-	(792)	(12,082)	(12,874)
Balance at 2 October 2022	<u>2,385</u>	<u>22,483</u>	<u>8,388</u>	<u>(22,109)</u>	<u>11,147</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

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 7.

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'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.

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 is striving to improve operating profitability 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.

On this basis, and having given due consideration to the Group's forecasts and projections, the directors believe that 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 in preparing these financial statements. However, should the financial support be discontinued the going concern basis may not be valid, 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 which may cast significant doubt on the Company's ability to remain as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Financial year

The results for 2022 represent the 52 weeks from 4 October 2021 to 2 October 2022. The comparative accounts were for the 53 weeks from 28 September 2020 to 3 October 2021.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

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.

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.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated 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.
- (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.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

Financial instruments (continued)

- (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.

Stocks

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

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

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 52 weeks ended 2 October 2022

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 2 October 2022.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

During the year, a £12m impairment loss was recognised in relation to the Company's investments in order to reflect the Directors assessment of the recoverable amounts, which had fallen below carrying value. Following recognition of the impairment loss the carrying value of investments reduced to £11.5m (FY21: £23.5m) as stated in note 12. Estimation is involved in determining the recoverable amount, which is based on the latest financial projections, selection of an appropriate discount rate as well as analysis of recent comparator transactions within the media industry. Changes in the methods, assumptions and estimates used in the impairment review could result in the recoverable amount being materially different from the current position. A 10% reduction in forecast revenues could result in an additional impairment to the carrying value of the investment in the region of £1.1m.

The Group is provided with loan financing by its shareholders, which have fixed repayment dates and an off-market rate of interest. FRS 102 requires the Directors to determine an effective interest rate based on an equivalent market rate of interest of a similar financial interest on equivalent terms. This involves estimation and the carrying value of the loans could be materially impacted by changes in the effective interest rate used. Details are set out in note 8 and note 16. The carrying value of shareholder loans the balance sheet date was £10.0m (FY21: £29.4m).

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

3. Turnover

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

	2022 £'000	2021 £'000
News publishing	30,916	26,952
TV broadcasting	7,254	7,415
Events	695	1,105
	<u>38,865</u>	<u>35,472</u>

Included within News publishing is £584,000 (2021: £432,000) of advertising revenue which was provided in return for goods and services. Included within TV broadcasting is £106,000 (2021: £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):

	2022 £'000	2021 £'000
Distribution costs	8,060	9,733
Depreciation of tangible fixed assets	489	576
Programme amortisation	823	881
Operating lease costs		
- property rental	1,265	1,265
- motor vehicles	218	485
Other operating costs	10,962	10,888
Total administrative expenses	13,757	14,095
Other operating income - recharges	(3,116)	(4,068)
Net operating expenses	<u>18,701</u>	<u>19,760</u>
Government grants	-	(110)
Covid claim insurance payout	(32)	(2,081)
Total operating expenses	<u>18,669</u>	<u>17,569</u>

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.

The Group received final payments in respect of a Covid-19 insurance claim in relation to business interruption.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

5. Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	29	20
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	125	94
Fees payable to the subsidiaries' auditor for taxation compliance services of subsidiary companies	10	10

6. Staff costs

Staff costs were as follows:

Group	2022 £'000	2021 £'000
Wages and salaries	13,864	14,581
Social security costs	1,742	1,680
Other pension costs (note 23)	1,268	1,432
	16,874	17,693

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

Group	2022 No.	2021 No.
TV Broadcasting	26	25
News Publishing	213	229
Events	8	7
	247	261

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

7. Directors' emoluments

	2022	2021
	£'000	£'000
Directors' emoluments were as follows:		
Emoluments	858	238
Compensation for loss of office	-	27
	<u>858</u>	<u>265</u>

Retirement benefits are accruing to nil directors (2021: nil) under a money purchase scheme.

	2022	2021
	£'000	£'000
Highest paid director		
Emoluments	449	218
Compensation for loss of office	-	27
	<u>449</u>	<u>245</u>

8. Finance costs

	2022	2021
	£'000	£'000
Interest payable on long term loans	(2,839)	(2,849)
	<u>(2,839)</u>	<u>(2,849)</u>

Included in interest payable on long term loans is notional interest of £2,839,000 (2021: £2,849,000) which arises on the unwinding of the present value of the loans using the effective interest rate applied to these loans upon recognition.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

9. Taxation

	2022 £'000	2021 £'000
Deferred tax:		
Origination and reversal of timing differences	-	-
Effect of changes in tax rates	-	-
Total deferred tax charge	-	-
Total tax per income statement	-	-

a) Current tax

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022 £'000	2021 £'000
Group loss before tax	(13,438)	(10,682)
Tax on loss at standard rate of 19% (2021: 19%)	(2,553)	(2,030)
Effects of:		
Expenses not deductible for tax purposes	387	310
Income not taxable	(4)	(17)
Utilisation of tax losses not previously recognised	(1,244)	(769)
Change in unrecognised deferred tax assets	3,182	2,272
Adjustments to tax charge in respect of previous years	41	-
COAP spreading adjustment	191	234
Tax credit for the period	-	-

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 £31,352,000 (2021: £28,788,000) based on a tax rate of 19%.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

10. Intangible fixed assets

Group	TV programmes £'000	Trade- marks £'000	Goodwill £'000	Total £'000
Cost				
At 3 October 2021	1,721	2,000	3,623	7,344
Additions	757	-	-	757
Retirements	(571)	-	-	(571)
At 2 October 2022	1,907	2,000	3,623	7,530
Amortisation and impairment				
At 3 October 2021	1,118	2,000	3,623	6,741
Amortisation charge for the year	823	-	-	823
Retirements	(571)	-	-	(571)
At 2 October 2022	1,370	2,000	3,623	6,993
Net book value				
At 2 October 2022	537	-	-	537
At 3 October 2021	603	-	-	603

Additions for the year reflect the content investment strategy. Included within Retirements are programming licences which have expired as of 2 October 2022. 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 52 weeks ended 2 October 2022

11. Tangible fixed assets

Group	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 3 October 2021	3,464	1,221	4,685
Additions	21	-	21
Disposals	(113)	(5)	(118)
At 2 October 2022	3,372	1,216	4,588
Depreciation			
At 3 October 2021	2,717	1,159	3,876
Charge for the year	458	31	489
At 2 October 2022	3,175	1,190	4,365
Net book value			
At 2 October 2022	197	26	223
At 3 October 2021	747	62	809

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

12. Fixed asset investments

Company	Investments in subsidiary companies £'000	Loans receivable £'000	Total £'000
Cost			
At 3 October 2021	29,142	827	29,969
Additions	-	(730)	(730)
At 2 October 2022	29,142	97	29,239
Provisions for impairment			
At 3 October 2021 and 2 October 2022	(5,603)	-	(5,603)
Impairment	(12,039)	-	(12,039)
Net book value			
At 2 October 2022	11,500	97	11,597
At 3 October 2021	23,539	827	24,366

Loan Receivable additions represent interest receivable on loans to Evening Standard Limited. Terms of the loan were modified on 31 March 2022 to extend the repayment date from 31 December 2035 to 31 December 2045.

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	94.5% Ordinary	Publishing of newspapers

The Company 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 owned 70% of the ordinary shares of ES London Limited. However, ES London Limited was dissolved on 3 January 2023.

The registered address of Evening Standard Limited and ESTV Limited is Alphabeta, 14-18 Finsbury Square, London, EC2A 1AH.

13. Stocks

	Group		Company	
	02-Oct 2022 £'000	03-Oct 2021 £'000	02-Oct 2022 £'000	03-Oct 2021 £'000
Raw materials and consumables	237	387	-	-

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

14. Debtors

	Group		Company	
	02-Oct 2022 £'000	03-Oct 2021 £'000	02-Oct 2022 £'000	03-Oct 2021 £'000
Trade debtors	6,031	6,003	-	-
Amounts owed by group companies	-	-	326	-
Deferred tax	5	7	-	-
Other debtors	416	937	-	-
Prepayments and accrued income	7,607	3,863	-	2
	<u>14,059</u>	<u>10,810</u>	<u>326</u>	<u>2</u>

The amounts due from group undertakings are repayable on demand and interest free.

15. Creditors: amounts falling due within one year

	Group		Company	
	02-Oct 2022 £'000	03-Oct 2021 £'000	02-Oct 2022 £'000	03-Oct 2021 £'000
Trade creditors	6,982	7,732	-	-
Social security and other taxes	1,717	1,164	-	-
Other creditors	376	705	-	-
Accruals and deferred income	10,471	6,578	27	27
	<u>19,547</u>	<u>16,179</u>	<u>27</u>	<u>27</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

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

	Group		Company	
	02-Oct 2022 £'000	03-Oct 2021 £'000	02-Oct 2022 £'000	03-Oct 2021 £'000
Loans	10,040	29,327	776	711
	<u>10,040</u>	<u>29,327</u>	<u>776</u>	<u>711</u>

The loans amounts above comprise of shareholder loan carrying values in Evening Standard Limited, ESTV Limited and the Company as mentioned below, excluding intercompany transactions and the minority interests as per note 19.

Loans made to Evening Standard Limited are presented in the table below.

During the year, Evening Standard Limited received shareholder loans amounting to £13,950,000 (2021: £9,000,000). It 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 shareholder loans at 18.5%. As a result, £10,271,000 was recognised in note 22 as capital contribution on shareholder loans.

On 31 March 2022, loan amendment agreements were signed extending the date on which all interest free shareholder loans must be repaid from the previous date of 31 December 2035 to 31 December 2045. This amounted to a substantial modification of the existing shareholder loans and on this date as required by FRS102 section 11, the existing loans were derecognised at a carrying value of £25,035,000 and then subsequently recognised as a new financial instrument at £5,117,000. The impact of this adjustment of £19,918,000 is recognised in Note 22 as capital contribution on shareholder loans.

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 shareholder loans at 18.5%.

	Interest rate	Repayable	Loan principal		Effective interest rate	Carrying amount	
			2022 £'000	2021 £'000		2022 £'000	2021 £'000
Loans under Agreement of 31 March 2022	12%	31/12/2045	9,950	-	18.5%	2,795	-
Loans under Agreement of 14 July 2020	12%	31/12/2045	20,000	16,000	18.5%	5,716	14,663
Prior loans	0%	31/12/2045	52,650	52,650	18.5%	1,018	8,710
			<u>82,600</u>	<u>68,650</u>		<u>9,529</u>	<u>23,373</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

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

Loans made to ESTV Limited with carrying value of £1,554,000 (2021: £6,166,000) are interest free and repayable with at least 13 month's notice in 2022 and 2023. Under FRS 102, the Directors have applied a fair value interest rate of 9% (2021: 9%) to all shareholder loans based on comparative market data at the point of the inception of the loans. Other than repayments there have been no changes to the terms associated with the loans for several years. 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 £1,703,000 (2021: £6,757,000). During the year, ESTV received no shareholder loans (2021: £Nil) and repaid £5,054,000 (2021: £3,394,000).

Loans made to Lebedev Holdings Limited of £776,000 (2021: £711,000) are interest free and repayable in full on 31 December 2045. The Directors have applied the effective interest rate applied to shareholder loans with 9% being applied to all shareholder loans based on comparative market data at the point of the inception of the loans. The total principal amount repayable is £5,742,000 (2021: £5,742,000).

The Group's loans of £10,040,000 (2021: £29,327,000) include consolidation and minority interest adjustment of £1,819,000.

17. Provisions

Group	Libel £'000	Contract discounts £'000	Total £'000
At 3 October 2021	182	4,856	5,038
Charged during year	-	1,381	1,381
Utilised during year	(182)	(2,877)	(3,059)
At 2 October 2022	-	3,360	3,360

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

	02-Oct 2022 £	03-Oct 2021 £
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.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

19. Minority interests

	£'000
At 27 September 2020	(955)
Proportion of loss after taxation for the year	(832)
Proportion of equity	96
At 3 October 2021	<u>(1,691)</u>
Proportion of loss after taxation for the year	(962)
Proportion of equity	1,721
At 2 October 2022	<u>(932)</u>

20. Net cash outflow from operating activities

	2022 £'000	2021 £'000
Operating loss	(10,599)	(7,833)
Depreciation of tangible fixed assets	489	576
Amortisation and impairment of intangible fixed assets	252	881
Decrease in stocks	150	29
Increase in debtors	(3,249)	(962)
Increase in creditors	3,368	4,111
Decrease in provisions	(1,678)	(5,185)
Net cash outflow from operating activities	<u>(11,267)</u>	<u>(8,383)</u>

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

	2022 £'000	2021 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(21)	(249)
Purchase of intangible fixed assets	(757)	(886)
Disposal of tangible fixed assets	118	-
Retirements of intangible fixed assets	571	-
Proceeds from winding up a subsidiary	8	-
Net cash outflow from capital expenditure	<u>(81)</u>	<u>(1,135)</u>
Financing		
Other new loans	13,950	9,000
Repayment of loans and interest	(5,054)	(3,394)
Net cash inflow from financing activities	<u>8,896</u>	<u>5,606</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

22. Analysis of changes in net debt

	2021	Capital contribution on shareholder loans	Interest accrued	Debt Repayment	Cash flow	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,491	-	-	-	(2,452)	1,039
Debts falling due after more than one year	(29,327)	31,022	(2,839)	5,054	(13,950)	(10,040)
Net debt	(25,836)	31,022	(2,839)	5,054	(16,402)	(9,001)

FRS 102 adjustment for implied interest related to recognition of fair value interest on shareholder loans as further explained in note 16.

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 £1,268,000 (2021: £1,432,000). The amount owing in respect of pension funds at 2 October 2022 is £98,000 (2021: £113,000), included within accruals and deferred income.

24. Operating lease commitments

At 2 October 2022, the Group had total commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	02-Oct 2022 £'000	03-Oct 2021 £'000	02-Oct 2022 £'000	03-Oct 2021 £'000
Expiry date:				
Within one year	752	1,265	23	218
Between two and five years	2,606	97	24	47
After more than five years	516	-	-	-
Total	3,875	1,362	47	265

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

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. 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.

26. Financial Instruments

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

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets				
Debt instruments measured at amortised cost				
Trade debtors, other debtors and accrued income	10,097	9,130	-	-
Cash and cash equivalents	1,039	3,491	27	391
	<u>11,136</u>	<u>12,621</u>	<u>27</u>	<u>391</u>
Financial liabilities				
Measured at amortised cost				
Loans payable (see note 16)	10,040	29,327	776	711
Trade creditors, other creditors and accrued expenses	13,371	12,909	27	26
	<u>23,412</u>	<u>42,236</u>	<u>803</u>	<u>737</u>

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 2 October 2022 to Mr Evgeny Lebedev and companies in which he has an interest was £542,000 (2021: £498,000). The loans are interest free and repayable in full on 31 December 2045 with the principal amount being £4,019,000 (2021: £4,019,000).

The Group also received loans from Mr Evgeny Lebedev, a director, and companies in which he has an interest, of £7,650,000 (2021: £6,300,000). During the year, the Group repaid £5,054,000 (2021: £3,394,000) in respect of shareholder loans to Mr Evgeny Lebedev. At 2 October 2022, the discounted amount due from the Group to Mr Evgeny Lebedev was £7,416,000 (2021: £20,569,000) with the principal balance being £51,000,000 (2021: £43,000,000). The loans within Evening Standard Limited are repayable on 31 December 2045 and the loans within ESTV Limited are repayable with at least 13 months' notice.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

27. Related party transactions (continued)

Group (continued)

In addition to this, as at 2 October 2022, loans of £229,000 (2021: £1,962,000) 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 (2021: £11,865,000) and it is repayable on 31 December 2045.

The Group made net sales of £1,308,000 (2021: £1,526,000) 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 2 October 2022 was £582,000 (2021: £619,000). The amount is interest free and repayable on demand.

The Group made sales of £387,000 (2021: £111,000) to Independent Print Ltd, a company under common control. The net amount owed to the Company in respect of these services on 2 October 2022 was £308,000 (2021: £215,000). 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 £1,098,000 (2021: £865,000) in relation to advertising sales and was recharged costs of £5,888,000 (2021: £3,022,000) by Associated Newspapers Limited, whilst the net amount payable in respect of these services at 2 October 2022 was £555,000 (2021: £4,076,000). Additionally, the Group was recharged costs of £5,287,000 (2021: £3,258,000) by Harmsworth Printing Limited and the amount payable at 2 October 2022 was £698,000 (2021: £743,000). The amount is interest free and repayable on demand.

Evening Standard Limited received services from companies in which directors have a controlling interest totalling £162,000 (2021: £661,000). The nature of the service provided is media and branding consultancy.

Company

On 2 October 2022, the loan due from the Company to Mr Evgeny Lebedev and companies in which he has an interest was £542,000 (2021: £498,000). The loan is interest free and repayable in full on 31 December 2045. Under FRS 102, a fair value interest rate of 9% per annum has been applied. The interest charge for the year was £45,000 (2021: £41,000).

On 2 October 2022 the loan due from the Company to International Media Company, a shareholder of the Company, was £232,000 (2021: £213,000). The loan is interest free and repayable in full on 31 December 2045. Under FRS 102, a fair value interest rate of 9% per annum has been applied. The interest charge for the year was £19,000 (2021: £18,000).

During the year, the Company granted £Nil (2021: £Nil) interest free loans to Evening Standard Limited, a subsidiary undertaking. On 31 March 2022, a loan amendment agreement was signed extending the date on which the interest free shareholder loans must be repaid to 31 December 2045. Under FRS 102, a fair value interest rate of 18.5% per annum has been applied. The cash value payable on 31 December 2045 is £5,000,000 (2021: £5,000,000). The loan has been disclosed in note 12.

28. Post balance sheet date events

ES London Limited was dissolved on 3 January 2023.

Subsequent to year-end, Evening Standard Limited and ESTV Limited received shareholder loan funding totalling £16,800,000 and £1,030,000 respectively.

29. Controlling party

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