Company Registration No. 06770098

Evening Standard Limited

Annual Report and Financial Statements for the 52 weeks ended 2 October 2022

Evening Standard Limited

Annual report and financial statements 2022

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R J L Mead

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Evening Standard Limited

Strategic report

The directors of Evening Standard Limited ("the Company") submit their strategic report, providing a review of the Company's business and a description of the principal risks and uncertainties affecting the Company.

Principal activities

The principal activity of the Company is the publishing of newspapers and online news content. The analysis of turnover and operating loss for the year ended 2 October 2022 are included as notes 3 and 4 to the financial statements.

Review of business and future developments

The Company made an operating loss before interest and tax of £13,997,000 (2021 loss: £11,847,000). It has net liabilities of £15,201,000 (2021: £28,998,000).

The 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. The Company's 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.

Costs were subjected to significant inflationary pressure, particularly on the cost of newsprint. As a result costs increased to £45,640,000 (2021 £42,404,000). The Company 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.

Outlook

Following the end of the financial year the Company 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.

Digital.

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.

Live events

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.

Strategic report (continued)

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 Evening Standard 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 Company's employees;

c) the need to foster the Company's business relationships with suppliers, customers and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the Company.

The Directors will sometimes engage directly with certain stakeholders on specific issues, but often stakeholder engagement will take place at an operational level. The board will consider information from across the business to help it understand the impact of its operations and the interests and views of stakeholders. It will review strategic, financial and operational performance as well as information regarding risk and regulatory compliance. This information is provided to the board 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.

<u>Approach to engagement</u>

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 some key suppliers during the year to discuss important issues.

Community. The business approach is to use our position of an iconic media publisher to create positive change for people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. Senior members of the editorial team are involved in numerous community groups, which help shape the editorial direction of the products including the launch of fund-raising campaigns, which this year included 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. A significant proportion of the Company's revenue comes through small number of agency customers, with whom there is a regular communication at a senior level.

Evening Standard Limited

Strategic report (continued)

Section 172(1) statement (continued)

Approach to engagement (continued)

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, which took place between June and October 2022, a working group of employees from across the business was established to inform and advise decision-making. Earlier in the year, a full employee survey was also undertaken to understand employee's relationship with the office.

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 Company are described below:

Price volatility of newsprint

Newsprint represents a significant proportion of the Company'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 significant changes in energy prices will flow through directly onto newsprint prices. The Company continues to closely monitor paginations and circulation levels to attempt to mitigate the impact of newsprint prices.

Exposure to changes in the economy and advertising patterns

The Company 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 Company 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.

Evening Standard Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Legal and regulatory

The Company 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 Company.

Following the closure in September 2014 of the Press Complaints Commission, the Company decided not to join the new system of self-regulation established by other parts of the industry. This was the result of the Company believing that questions remained to be answered about how the Independent Press Standards Organisation (IPSO) would operate. In lieu of subscribing to IPSO the Company strengthened its internal complaints handling mechanism, notably by increasing the relevant staffing resource. The Company 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 Company's websites and our online audiences have grown, as well as the better signposting of our in-house complaints system.

Senior editorial executives have been updated on the current state of play and in particular have been made aware of which issues tend to give rise to complaints from readers. The Company 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 Company 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 polices 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 Company must adhere. Changes to, or breaches of, such laws or regulations could adversely affect the future results and reputation of the Company. Staff are made aware of health and safety and employment rights through the Company's intranet. Controls are also in place surrounding compliance with the ABC's regulations and those of other regulatory bodies.

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.

Credit risk

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

Liquidity and cash flow

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company has used long term debt finance provided by its shareholders at zero interest (see note 16). The Company ensures it has sufficient funds in place by preparing detailed cash flow forecasts and providing sufficient notice of any future requirements to its shareholders.

Adverse results from litigation or other proceedings

From time to time, the Company 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 Company to pay out significant monetary damages and legal costs. This could adversely affect the Company's results, as well as its ability to conduct business as it is presently conducted.

Evening Standard Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

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 Company's results and the Company's ability to produce key products and services. The Company has 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. In 2022, the Company entered into a new IT services contract with a subsidiary of one of its shareholders on behalf of the Company and other group companies and recharges relevant costs to the respective group companies on a systematic basis. The Company bears the risk in this contract. Any strategic decisions to relocate, sell, restructure or close related Group companies could therefore have a negative impact on the cost base of the Company. Consistency in board Directors across the Group and holistic decision making substantially mitigates this risk. The transactions arising from this arrangement are disclosed within Note 21.

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 Company has material operations, could adversely affect the Company. 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 Company has plans in place to manage the impact of these risks via its Disaster Recovery plan.

Network and information systems and other technology disruption

Network and information systems and other technologies are important to the Company's business activities. The Company 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 Company'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.

Reader/listener promotions

The Company runs reader promotions and competitions, which could significantly impact the Company'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 Company'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 Company.

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 Company'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.

Evening Standard Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Environmental and reduced carbon emissions targets

There is reputational risk on three fronts: the Company 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 Company looks to address environmental concerns by sourcing newsprint from northern hemisphere sustainable forests.

Talent

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

Events after the balance sheet date

ES London Limited was dissolved on 3 January 2023.

Subsequent to year-end, the Company received shareholder loans totalling £16.8m.

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

M Malhotra
Director

Evening Standard Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 October 2022. The comparative accounts were for the 53 weeks ended 3 October 2021.

Financial risk management and policies

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

Future developments

Details of future developments can be found in the Strategic Report on page 2.

Results and dividends

The loss after taxation for the period amounted to £16,392,000 (2021: £14,394,000). In light of the retained losses to date, no dividend has been proposed or declared (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 Company 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 Company. 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 Company 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.

	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

Directors' report (continued)

Energy and carbon reporting (continued)

Energy efficiency actions

The Company is committed to responsible energy management and will practice energy efficiency throughout the organisation, wherever it is cost effective. The Company 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 Company 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
- The Company has 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.

Going concern

The Company recorded a loss before tax of £16,392,000 (2021: £14,394,000) during the 52 weeks ended 2 October 2022 and at that date it had net liabilities of £15,201,000 (2021: £28,998,000). The Company requires further funding and intends to meet its day-to-day working capital requirements through long-term finance provided by the shareholders. During 52 weeks ended 2 October 2022, the Company received further shareholder funding of £14,000,000 (2021: £9,000,000) as disclosed in note 16 and subsequent to year-end, a further £15,000,000. Additionally, Mr Evgeny Lebedev, who is a director and the majority shareholder, and companies under his control, has confirmed to the other directors his on-going commitment to provide adequate funding for at least twelve months from the date of approval of these financial statements although no other formal funding arrangement is in place.

On this basis, and having given due consideration to the Company's forecasts and projections, the directors believe that the Company 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 Company was unable to continue as a going concern.

Readers should note that the effect of recording shareholder loans in accordance with FRS 102 is to discount the loan principal at an effective interest rate based on comparable market data. During the year, the repayment date of all loans has been amended to 31 December 2045. This results in the carrying value liability being stated at £9,529,000 (2021: £23,373,000) compared to the loan principal outstanding of £82,600,000 (2021: £68,650,000).

Directors' report (continued)

Directors

The names of the directors of the Company who held office during the year and up to the date of approval of the financial statements were:

J D E Byan Shaw (resigned 21 January 2022)
M Malhotra
E Lebedev
J Paton (resigned 21 March 2022)
C M G Yardley (resigned 23 May 2023)

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.

Capital structure

The Company's capital structure consists of Voting and Non-Voting Ordinary Shares as follows:

Class of share	Number of shares	Percentage of total share capital
Ordinary Shares of £1	20,375	99.6%
Non-Voting Ordinary Shares of £1	75	0.4%

The ultimate parent company is Lebedev Holdings Limited, which owns 94.5% of the 20,375 ordinary voting shares of Evening Standard Limited. It does not own any of the 75 ordinary non-voting shares issued by Evening Standard Limited. The ultimate controlling party is Evgeny Lebedev, majority shareholder of Lebedev Holdings Limited.

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 Company'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 Company'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.

Events after the balance sheet date

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

M Malhotra
Director

Evening Standard 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Evening Standard Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements Evening Standard Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 2 October 2022 and of its loss for the 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:

- profit and loss account and statement of other comprehensive income;
- the balance sheet;
- the cash flow statement
- the statement of changes in equity; and
- the related notes 1 to 24.

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company reported a loss before tax £16,392,000 during the 52 weeks ended 3 October 2022 and at that date it had net liabilities of £15,201,000. The company 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 company. 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.

Independent auditor's report to the members of Evening Standard 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

Independent auditor's report to the members of Evening Standard 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 company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and 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 company 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 company'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.

Independent auditor's report to the members of Evening Standard 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Andrew Evans FCA (Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

3 August 2023

Evening Standard Limited

Profit and loss account and statement of other comprehensive income
For the 52 weeks ended 2 October 2022

	Notes	2022 £'000	2021 £'000
Turnover	1, 3	31,611	28,067
Cost of sales		(28,472)	(23,607)
Gross profit		3,139	4,460
Other net operating expenses	4	(17,168)	(18,797)
Other operating income	4	32	2,490
Operating loss		(13,997)	(11,847)
Finance costs (net)	7	(2,395)	(2,547)
Loss on ordinary activities before taxation		(16,392)	(14,394)
Tax on loss	8	-	-
Retained loss for the financial year attributable to the equity shareholders of the Company		(16,392)	(14,394)
Total comprehensive expense attributable to equity shareholders of the Company		(16,392)	(14,394)

All amounts relate to continuing activities in the current and prior year. The notes on pages 20 to 34 form part of these financial statements.

Evening Standard Limited

Balance sheet
As at 2 October 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	12	210	772
Investments	13	-	-
		210	772
Current assets			
Stock	14	237	387
Debtors	15	13,732	10,253
Cash at bank and in hand		72	1,497
		14,041	12,137
Creditors: amounts falling due within one year	16	(16,562)	(13,496)
Net current liabilities		(2,521)	(1,359)
Total assets less current liabilities		(2,311)	(587)
Creditors: amounts falling due after more than one year	16	(9,529)	(23,373)
Provisions for liabilities	17	(3,361)	(5,038)
Net liabilities		(15,201)	(28,998)
Capital and reserves			
Called up share capital	18	20	20
Share premium account	19	28,269	28,269
Other reserves	19	98,289	68,100
Profit and loss account	19	(141,779)	(125,387)
Shareholders' deficit		(15,201)	(28,998)

The financial statements of Evening Standard Limited (registered number 06770098) were approved by the Board of Directors on 3 August 2023.

Signed on behalf of the Board of Directors

M Malhotra
Director

Evening Standard Limited

Cash flow statement
For the 52 weeks ended 2 October 2022

	Notes	2022 £'000	2021 £'000
Net cash outflow from operating activities	9	(15,360)	(13,323)
Cash flows from used in investing activities			
Capital expenditure	10	(15)	(249)
Net cash flows used in investing activities		(15)	(249)
Cash flows from financing activities			
Receipt of borrowings	11	13,950	9,000
Net cash flows from financing activities		13,950	9,000
Decrease in cash in the year	11	(1,425)	(4,572)
Cash and cash equivalents at the beginning of the year		1,497	6,069
Cash and cash equivalents at the end of the year		72	1,497

Evening Standard Limited

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

	Note	Share capital	Share premium account	Other reserves	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 27 September 2020		20	28,268	66,479	(110,993)	(16,226)
Loss for the year		-	-	-	(14,394)	(14,394)
Total comprehensive expense for the year		-	-	-	(14,394)	(14,394)
Capital contribution on shareholder loans	19	-	1	1,621	-	1,622
Balance at 3 October 2021		20	28,269	68,100	(125,387)	(28,998)
Loss for the year		-	-	-	(16,392)	(16,392)
Total comprehensive expense for the year		-	-	-	(16,392)	(16,392)
Capital contribution on shareholder loans	19	-	-	30,189	-	30,189
Balance at 2 October 2022		20	28,269	98,289	(141,779)	(15,201)

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

1. Accounting policies

Basis of preparation

Evening Standard Limited is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. 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 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 Company 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 Evening Standard Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it under Section 1 Paragraph 12 in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments and remuneration of key management personnel. Exemption has been taken under s. 401 of the Companies Act 2006 not to prepare consolidated accounts as it was, at the end of the year, a subsidiary of Lebedev Holdings Limited, of which consolidated financial statements including the Company's financial statements, are readily available as set out in note 23.

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

Going concern

The Company recorded a loss before tax of £16,392,000 (2021: £14,394,000) during the 52 weeks ended 2 October 2022 and at that date it had net liabilities of £15,201,000 (2021: £28,998,000). The Company requires further funding and intends to meet its day-to-day working capital requirements through long-term finance provided by the shareholders. During 52 weeks ended 2 October 2022, the Company received further shareholder funding of £14,000,000 (2021: £9,000,000) as disclosed in note 16 and subsequent to year-end, a further £15,000,000. Additionally, Mr Evgeny Lebedev, who is a director and the majority shareholder, and companies under his control, has confirmed to the other directors his on-going commitment to provide adequate funding for at least twelve months from the date of approval of these financial statements although no other formal funding arrangement is in place.

On this basis, and having given due consideration to the Company's forecasts and projections, the directors believe that the Company 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 Company was unable to continue as a going concern.

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

1. **Accounting policies (continued)**

Going concern (continued)

Readers should note that the effect of recording shareholder loans in accordance with FRS 102 is to discount the loan principal at an effective interest rate based on comparable market data. This results in the carrying value liability being stated at £9,529,000 (2021: £23,373,000) compared to the loan principal outstanding of £82,600,000 (2021: £68,650,000).

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.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods or services provided in the normal course of business net of value added tax (VAT) and commission where applicable. 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. Print advertising revenue is recognised on publication or over the period of the campaign. Digital revenues are recognised on publication for advertising or delivery of service for other digital revenues. Events revenue is recognised on the date or period of the event and syndication revenue is recognised based on contractual guarantees and the date of publication.

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.

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 after deducting all of its liabilities.

1. Accounting policies (continued)

Financial instruments (continued)

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.

(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.

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

1. Accounting policies (continued)

Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

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.

Stocks

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

Leasing

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 sterling at the rates prevailing at the balance sheet date. All exchange differences are taken to the profit and loss account.

Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the period end date, and are discounted to present value where the effect is material. The restructuring provision movement is presented separately in the profit and loss account to provide more information to the users of the financial statements.

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.

Pension costs

The Company operates a defined contribution scheme. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

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

1. Accounting policies (continued)

Intercompany recharges

The Company receives revenues from and is charged costs incurred on its behalf by its fellow subsidiary, ESTV Limited, and connected companies, Independent Digital News And Media Limited and Independent Print Limited. Advertising revenues are shown as revenue. Costs recharged from Independent Print Limited and Independent Digital News And Media Limited are treated as costs in the profit and loss account. Reimbursement of costs incurred by the Company on behalf of Independent Print Limited and Independent Digital News And Media Limited are treated as other operating income. Details of these items are set out in notes 4 and 21.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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.

Key source of estimation uncertainty

The Company is provided with loan financing by its parent company and 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. The carrying value of shareholder loans at the balance sheet date was £9.5m (FY21: £23.4m), details are set out in note 7 and note 16.

3. Turnover

	2022 Turnover £'000	2021 Turnover £'000
By activity:		
News Publishing	30,916	26,962
Events	695	1,105
	31,611	28,067
Geographical market by destination and source:		
United Kingdom	31,611	28,067

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

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

4. Operating loss

The operating loss of £13,997,000 (2021: £11,847,000) is stated after charging / (crediting) the following:

	2022	2021
	£'000	£'000
Distribution costs	8,060	9,733
Depreciation of tangible fixed assets	459	547
Operating lease costs		
- property rental	1,265	1,265
- motor vehicles	218	485
Auditor's remuneration		
- fees for the audit of the company	93	68
- non-audit fees - taxation compliance	7	6
Other operating costs	10,182	10,761
Total administrative expenses	12,224	13,132
Other operating income - recharges	(3,116)	(4,068)
Other net operating expenses	17,168	18,797
Covid insurance payout	(32)	(2,490)
Total operating expenses and other income	17,136	16,307

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

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

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

5. Employees

	2022 Number	2021 Number
Monthly average number of persons (including Directors) employed by the Company by activity:		
News Publishing	213	229
Events	8	7
	221	236

	2022 £'000	2021 £'000
Total staff costs (including Directors) comprised:		
Wages and salaries	12,564	13,240
Social security costs	1,580	1,564
Pension contributions	1,173	1,345
	15,317	16,149

6. Directors' emoluments

The emoluments of the directors of the Company were as follows:

	2022 £'000	2021 £'000
Emoluments	520	685
Company contributions to money purchase pension scheme	-	4
Compensation for loss of office	-	23
	520	712

	2022 £'000	2021 £'000
Highest paid director		
Emoluments	449	483
Company contributions to money purchase pension scheme	-	4
	449	487

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

7. Finance costs (net)

	2022	2021
	£'000	£'000
Interest payable on shareholder loans	(2,395)	(2,547)
	(2,395)	(2,547)

Interest payable on shareholder loans includes a notional interest charge of £2,395,000 (2021: £2,547,000) which arises on the unwinding of the present value of the loans using the effective interest rate applied to these loans upon recognition.

8. Tax

The tax charge comprises:

	2022	2021
	£'000	£'000
Current tax:		
Total current tax	-	-
Deferred tax:		
Total deferred tax	-	-
Total tax on profit	-	-

The difference 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	2021
Loss before tax	(16,392)	(14,394)
Tax on loss at standard UK tax rate of 19% (2021: 19%)	(3,115)	(2,735)
Effects of:		
Expenses not deductible for tax purposes	315	276
Change in unrecognised deferred tax assets	2,599	2,276
Income not taxable in determining taxable profit	(4)	(17)
COAP spreading adjustment	191	191
Effects of group relief/ other reliefs	14	9
Total tax charge	-	-

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 £26,197,000 (2021: £22,752,000) based on a tax rate of 19%.

9. Reconciliation of operating loss to operating cash flows

	2022	2021
	£'000	£'000
Operating loss	(13,997)	(11,847)
Depreciation	459	547
Decrease in stock	150	29
Increase in debtors	(3,479)	(340)
Increase in creditors due within one year	3,066	3,473
Decrease in provisions	(1,677)	(5,185)
Disposals of fixed assets	118	-
Net cash outflow from operating activities	(15,360)	(13,323)

10. Analysis of cash flows

	2022	2021
	£'000	£'000
Cash flows from investing activities		
Purchase of tangible fixed assets	(15)	(249)
Net cash inflow outflow	(15)	(249)

11. Analysis and reconciliation of net debt

	2021	Interest accrued	Capital contribution recognised on shareholder loans	Cash flow in year	2022
	£'000	£'000	£'000	£'000	£'000
Cash in hand, at bank	1,497	-	-	(1,425)	72
Debt due after one year	(23,373)	(2,395)	30,189	(13,950)	(9,529)
Net debt	(21,876)	(2,395)	30,189	(15,375)	(9,457)

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

12. Tangible fixed assets

	Plant and equipment	Furniture and fittings	Total
	£'000	£'000	£'000
Cost			
At 3 October 2021	3,181	575	3,756
Additions	15	-	15
Disposals	(113)	(5)	(118)
At 2 October 2022	3,083	570	3,653
Accumulated depreciation			
At 3 October 2021	2,474	510	2,984
Charge for the year	428	31	459
At 2 October 2022	2,902	541	3,443
Net book value			
At 2 October 2022	181	29	210
At 3 October 2021	707	65	772

13. Fixed asset investments

	Subsidiaries
	£
Cost	
At 3 October 2021 and 2 October 2022	21
Net book value	
At 3 October 2021 and 2 October 2022	21

As at 2 October 2022, the Company owned 21 Ordinary shares (70%) of £1 in ES London Limited. ES London Limited registered office was Northcliffe House, 2 Derry Street, London, W8 5TT. ES London Limited provided advertising services and opportunities through digital sites and related domain names before being dissolved in 2023 as disclosed in Note 22.

14. Stock

	2022	2021
	£'000	£'000
Raw materials and consumables	237	387

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

15. Debtors

	2022	2021
	£'000	£'000
Amounts due within one year:		
Trade debtors	5,817	5,969
Amounts owed by group companies	344	780
Deferred tax	5	5
Other debtors	36	37
Prepayments and accrued income	7,530	3,462
	13,732	10,253

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

16. Creditors

	2022	2021
	£'000	£'000
Amounts due within one year:		
Trade creditors	6,760	7,697
VAT payable	145	346
Taxation and social security	1,166	498
Other creditors	63	40
Amounts owed to group undertakings	504	75
Accruals and deferred income	7,924	4,840
	16,562	13,496
Amounts falling due after more than one year:		
Shareholder loans	9,529	23,373

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

During the year, the Company received shareholder loans amounting to £13,950,000 (2021: £9,000,000). The Company will pay interest on the outstanding amount of the new shareholder loans at a rate of 12% a year. Under FRS 102 section 11, the directors are required to apply a fair value interest rate to shareholder loans based on comparative market data. The directors assessed the effective interest rate applied to shareholder loans at 18.5%. As a result, £10,271,000 was recognised in Note 19 as a capital contribution from the Company's shareholders.

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

16. Creditors (continued)

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 19 as capital contribution from the Company's shareholders.

The table below summarises all shareholder loans received by the Company.

	Interest rate	Repayable	Loan principal 2022 £'000	Loan principal 2021 £'000	Effective interest rate	Carrying amount 2022 £'000	Carrying amount 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
			82,600	68,650		9,529	23,373

17. Provisions for liabilities

	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)	(2,876)	(3,058)
At 2 October 2022	-	3,361	3,361

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 therefore the effect of discounting is immaterial. Contract discounts are further explained in Note 1, Turnover.

Evening Standard Limited

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

18. Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	20,375	20,375
Non-voting ordinary shares of £1 each	75	75
	20,450	20,450

The non-voting Ordinary Shares rank pari passu with the Ordinary Shares except they have no voting rights.

19. Reserves

	2022			
	Share premium account	**Other reserves**	**Profit and loss account**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At beginning of financial year	28,269	68,100	(125,387)	(29,018)
Retained loss for the financial year	-	-	(16,392)	(16,392)
Capital contribution	-	30,189	-	30,189
At end of year	28,269	98,289	(141,779)	(15,221)

The movement in reserves relates to capital contribution on shareholder loans due to de-recognition and subsequent recognition of fair value interest on shareholder loans in accordance with FRS102 as further explained in note 16 above.

	2021			
	Share premium account	**Other reserves**	**Profit and loss account**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At beginning of financial year	28,268	66,479	(110,993)	(16,246)
Retained loss for the financial year	-	-	(14,394)	(14,394)
Capital contribution	1	1,621	-	1,622
	28,269	68,100	(125,387)	(29,018)

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

20. Commitments

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

	2022		2021	
	Land and buildings £'000	**Motor vehicles £'000**	**Land and buildings £'000**	**Motor vehicles £'000**
- within one year	752	23	1,265	218
- between one and five years	2,606	24	97	47
- after five years	516	-	-	-
Total	3,874	47	1,362	265

The rental lease commitments due to Associated Newspapers Limited are £100,000 until October 2022.

The Company moved to new office premises from November 2022. The lease terminates in July 2028 therefore rental lease commitments falling due after five years are £516,000 (2021:£nil).

21. Pension arrangements

The Company operates a defined contribution pension scheme under which contributions are paid by the employer and employees. The scheme remains open to eligible new employees. The pension charge for the year was £1,173,000 (2021: £1,345,000) in respect of employers contributions and £101,000 (2021: £105,000) remained payable at 2 October 2022.

22. Related party transactions

Key management are those persons having authority and responsibility for planning, controlling, and directing the activities of the Company. In the opinion of the Board, the Company key management are the Directors. Information regarding their compensation is given in note 6.

The on-going costs of the Company have been funded by the way of shareholder loans as detailed in note 16 above. At 2 October 2022, the amount due from the Company to Mr Evgeny Lebedev was £5,862,000 (2021: £14,403,000) and to Lebedev Holdings Limited was £97,000 (2021: £827,000). In addition to this, further loans of £229,000 (2021: £1,963,000) were due to Daily Mail and General Holdings Limited, a shareholder at 2 October 2022.

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis.

The Company provides and received various services to and from subsidiaries of Daily Mail and General Holdings Limited, a shareholder with a minority interest in the Company. During the year, the Company 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 Company 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).

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

22. Related party transactions (continued)

The Company made sales in respect of management and consultancy services of £387,000 (2021: £111,000) to and was recharged costs of £nil (2021: £nil) from Independent Print Limited, 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 Company made sales of £3,209,000 (2021: £3,587,000) to and purchases of £1,901,000 (2021: £2,061,000) from Independent Digital News and Media Limited, a company under common control. The net amount owed to the Company in respect of these services on 2 October 2022 was £582,000 (2021: £619,000).

The Company had a 70% shareholding in ES London Limited, which was dissolved in 3 January 2023. During the year, the Company settled third party costs of £4,000 (2021: £29,000) on behalf of ES London Limited. The amount due to the Company on 2 October 2022 was £143,000 (2021: £139,000) and the amount due to ES London Limited was £120,000 (2021: £120,000). Additionally in 2021, the Company received revenue of £10,000 and incurred costs of £40,000 from its subsidiary for services received.

The Company made sales of £406,000 (2021: £362,000) to ESTV Limited, a 100% owned subsidiary of Lebedev Holdings Limited. The net amount owed to the Company in respect of these services on 2 October 2022 was £51,000 (2021: £225,000).

During the year, the Company received services from companies in which directors have a controlling interest totalling £162,000 (2021: £661,000) and received revenue of £nil (2020: £nil). The net amount due to the Company was £nil (2021: £nil) and the net amount payable to these companies at 3 October 2021 was £nil (2021: £nil). The nature of the service provided is media and branding consultancy.

23. Post Balance sheet events

ES London Limited was dissolved on 3 January 2023.

Subsequent to year end, the Company received shareholder loans totalling £16.8m.

24. Ultimate parent company and controlling party

The directors regard the immediate and ultimate parent company as Lebedev Holdings Limited, which is incorporated in the United Kingdom.

The ultimate controlling party is Mr Evgeny Lebedev, the majority shareholder of the ultimate parent company.

The largest and smallest group of which the Company is a member and for which consolidated financial statements are drawn up is that of Lebedev Holdings Limited, incorporated in the United Kingdom and registered in England and Wales. Copies of the Report and financial statements are available from the registered office of the parent and Company:

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