The Spectator (1828) Limited

(Registered Number: 01232804)

Annual Report and Financial Statements

For the Year Ended 31 December 2021

The Spectator (1828) Limited

Contents

The Spectator (1828) Limited

Company Information

Directors

A S Barclay
H M Barclay
R K Mowatt
P L Peters

Registered Office

22 Old Queen Street
London
SW1H 9HP

Registered Number

01232804

Independent Auditors

PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
1 Embankment Place
London
WC2N 6RH

Counrty of Incorporation

Engalnd & Wales

The Spectator (1828) Limited

Strategic Report for the year ended 31 December 2021 (registered number: 01232804)

The Directors present their Strategic Report of The Spectator (1828) Limited ("the Company") for the year ended 31 December 2021.

Review of business

Turnover has increased by 24% to £20.3m in 2021 *(2020: £16.3m)*, driven by increases in subscription volumes and yields. During the year, the Company invested significantly in its digital, marketing and editorial departments.

The profit before taxation is £2.9m *(2020: £1.6m)*. The Directors recommend that no dividend is paid in the year (*2020: nil*) and that the profit for the financial year be transferred to reserves.

The net assets of the Company at 31 December 2021 were £16.7m *(2020: £14.6m)*.

Key performance indicators ("KPIs")

The Company's Directors use performance indicators such as circulation levels, turnover and operating profit to assess the development, performance and position of the business.

The circulation KPIs are:

		2021 Number	2020 Number
Spectator	- Average number of print and digital copies per issue	112,000	101,500
	- Average global unique user browsers per month	2,928,000	2,481,000
Apollo	- Average number of copies per issue	6,170	4,960

Future developments

In 2022 and beyond the Company plans to grow turnover and subscription volumes by focusing on enhancing its digital offering across both its website and app. The business will also focus on re-establishing its physical events presence.

To aid its expansion operations in the US market, on 1 January 2022, the Company incorporated a subsidiary under the name The Spectator (1828) Inc.

Covid-19

The main impact of Covid-19 on the Company has been a 5% fall in Newstrade copy sales during the year, as travel outlets remained impacted by Covid-19 restrictions. Whilst Newstrade declined, the Company has seen an overall continuation of growth in subscription volumes and revenues.

The Spectator (1828) Limited

Strategic Report for the year ended 31 December 2021 (Continued)
(registered number: 01232804)

Principal risks and uncertainties

The Company operates in a competitive marketplace. The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to continued pressure on print copy sales and competitiveness in the print advertising market. In order to mitigate these factors the Company is developing its digital products.

Financial risk management

The Directors consider that the Company's key financial instruments are cash and intercompany balances with other group companies. Financial exposure exists to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on any cash balances or overdrafts. As the business operates internationally, there is a small risk that the value of debtors and creditors could fluctuate as exchange rates change. This risk is not considered material and thus the Company does not employ the use of hedging instruments.

Liquidity risk arises from timing differences between cash inflows and outflows. These risks are managed through maintaining adequate credit facilities. It is standard policy to maintain sufficient cash balances and committed facilities to meet anticipated future requirements. These resources, together with the expected future cash flows to be generated by the business, are regarded as sufficient to meet the anticipated future funding requirements of the Company for at least the next twelve months from the date of signing the financial statements.

On behalf of the board

R K Mowatt

R K Mowatt
Director
18 May 2022

The Spectator (1828) Limited

Directors' Report for the year ended 31 December 2021 (registered number: 01232804)

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Financial risks and financial risk management, future developments and dividends are discussed in the strategic report.

Principal activities

The Company's principal activities are the publication of *The Spectator, The Spectator World* and *Apollo* magazines and related digital products and events.

Directors

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

A S Barclay
H M Barclay
R K Mowatt
P L Peters

The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, which were in force during the financial year and at the approval date of the financial statements.

Employees

The Company has held regular meetings with representatives of its employees at which matters of concern to the employees have been discussed and at which the views of these representatives have been obtained. It is Company policy to provide, wherever possible, the same employment opportunities to disabled persons as to others. In the event of an employee becoming disabled every effort would be made to ensure that employment with the Company continues and appropriate training is arranged.

Going concern

The Directors acknowledge that there are additional risks and uncertainties for the business as discussed in the strategic report. The Company, in assessing going concern, has prepared a number of forward looking scenarios which included both a likely and worst case scenario to reflect any downside market trends, close management of costs and the pressures of increasing competition within the subscription market.

Based on this assessment of the Company's liquidity and cash flow projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

The Spectator (1828) Limited

Directors' Report for the year ended 31 December 2021 (Continued)
(registered number: 01232804)

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next board meeting.

On behalf of the Board

R K Mowatt

R K Mowatt
Director
18 May 2022

Independent auditors' report to the members of The Spectator (1828) Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Spectator (1828) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Evaluating management's controls designed to prevent and detect irregularities

- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations
- Challenging assumptions and judgements made by management in significant accounting estimates
- Testing unusual or unexpected journal entries, particularly those impacting revenue

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 May 2022

The Spectator (1828) Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	**20,302**	16,332
Cost of sales		**(4,244)**	(3,604)
Gross profit		**16,058**	12,728
Distribution costs		**(3,829)**	(3,478)
Administrative expenses		**(9,287)**	(7,676)
Operating profit		**2,942**	1,574
Interest payable and similar expenses		**(1)**	-
Profit before taxation	5	**2,941**	1,574
Tax on profit	6	**(791)**	(381)
Profit for the financial year		**2,150**	1,193

The notes on pages 12 to 21 are an integral part of these financial statements.

All amounts relate to continuing operations. There is no other comprehensive income for the Company.

There is no material difference between the profit before taxation and the profit for the financial year stated and their historical costs equivalents for the years stated above.

The Spectator (1828) Limited

Balance sheet as at 31 December 2021 (registered number 01232804)

	Note	2021 £'000	2020 £'000
Fixed Assets			
Intangible assets	7	537	547
Tangible assets	8	155	176
		692	723
Current assets			
Debtors	9	**20,648**	18,209
Cash at bank and in hand		**1,752**	1,009
		22,400	19,218
Creditors - amounts falling due within one year	10	**(6,374)**	(5,373)
Net current assets		**16,026**	13,845
Total assets less current liabilities		**16,718**	14,568
Capital and reserves			
Called up share capital	12	**1,404**	1,404
Capital contribution reserve		**60**	60
Retained earnings		**15,254**	13,104
Total equity		**16,718**	14,568

The notes on pages 12 to 21 are an integral part of these financial statements.

The financial statements on pages 8 to 21 were approved by the board of Directors on 18 May 2022 and were signed on behalf of the board by:

R K Mowatt

R K Mowatt
Director

The Spectator (1828) Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up Share capital	Capital contribution reserve [1]	Retained Earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2020	1,404	60	11,911	13,375
Profit for the financial year	-	-	1,193	1,193
At 31 December 2020	**1,404**	**60**	**13,104**	**14,568**
Profit for the financial year	-	-	2,150	2,150
At 31 December 2021	**1,404**	**60**	**15,254**	**16,718**

[1] The capital contribution reserve arose on an injection of capital by the immediate parent company, for which no shares were issued

The Spectator (1828) Limited

Statement of cash flows for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Operating profit		**2,942**	1,574
Tax on profit	6	**(791)**	(381)
Depreciation	8	**65**	60
Amortisation	7	**175**	177
Increase in debtors	9	**(2,439)**	(1,333)
Increase in creditors	10	**1,002**	744
Net cash inflow from operating activities		**954**	841
Cash flow from financing activities			
Interest paid		**(1)**	-
Net cash outlfow from financing activities		**(1)**	-
Cash flow from investing activities			
Purchase of tangible and intangible assets	7/8	**(210)**	(285)
Net cash used in investing activities		**(210)**	(285)
Net increase in cash and cash equivalents		**743**	556
Cash and cash equivalents at start of year		**1,009**	453
Cash and cash equivalents at end of year		**1,752**	1,009
Cash and cash equivalents are made up of:			
Cash at bank and in hand		**1,752**	1,009

Notes to the financial statements for the year ended 31 December 2021

1 General information

The Spectator (1828) Limited, a private company limited by shares, incorporated in the United Kingdom, is a magazine publisher and events management business. The Company's registered office is 22 Old Queen Street, London, SW1H 9HP, England.

2 Statement of compliance

The financial statements of The Spectator (1828) Limited are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

Basis of preparation

The financial statements have been prepared under Generally Accepted Accounting Principles in the United Kingdom on a going concern basis and in accordance with Companies Act 2006 under the historical cost convention which has been consistently applied. The Directors have prepared detailed cash flow forecasts which are based on their current expectations of trading prospects. Various scenarios have been created, including both a likely and a severe but plausible downside scenario. The forecasts have been prepared over a period of at least 12 months from the date of approval of the financial statements and the Directors are confident that the Company will continue in operational existence for the foreseeable future and will be able to meet its liabilities as they fall due. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Foreign currencies

Transactions in foreign currencies are recorded at the rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income.

Turnover

Turnover represents sales to third parties of magazines and advertising space both in print and online, tickets sales and sponsorship of events as well as related goods and services and is stated net of commissions and trade discounts, and excludes value-added tax and other sales taxes in the UK. Magazine and advertising revenue is recognised on the date of publication.

Amounts billed to clients are recorded in trade debtors less any provision for impairment. To the extent that fees paid on account relate to future revenues, they are included in deferred revenue. Unbilled fees are recorded at estimated billable amounts less amounts provided for any unrecoverable amounts.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets which are as follows:

Fixtures and fittings	3-10 years
Equipment	2-5 years
Leasehold improvements	4-10 years

Intangible assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation. Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Amortisation is calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets which are as follows:

Computer Software	2-10 years

Debtors and Creditors

Debtor and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Taxation

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cost of sales

Cost of sales represents expenditure for producing the magazine, generating advertising sales both physical and digital, and fulfilling events.

Pensions

The Company operates a defined contribution pension scheme and contributions to the scheme are charged to the Company's statement of comprehensive income as the Company's obligation to pay arises.

Related party transactions

As all of the Company's voting rights are controlled by B.UK. Limited and it is a wholly owned subsidiary, the Company has taken advantage of the exemption contained in FRS 102 para.33.1A and has therefore not disclosed transactions or balances with entities which are wholly owned within the same group but disclose transactions with other related parties.

Operating leases

Rental costs arising under operating leases are charged to the statement of comprehensive income over the life of the lease.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

3 Summary of significant accounting policies (continued)

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Expenses

Expenses are accounted for on an accruals basis.

Exceptional Items

Exceptional items are transactions that fall within the activities of the Company but are presented separately by virtue of their structural and non-recurring nature to assist in understanding the financial performance of the the Company.

Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Where legal claims arise, the Company recognises provisions for legal costs where necessary.

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Company has chosen to adopt Section 11 & 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised inthe statement of comprehensive income.

3 Summary of significant accounting policies (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Newstrade Sales

Income is accrued for newstrade sales that take place within the final five weeks of the financial year. These are based on trends over previous years and management analysis of the current year's sales.

4 Turnover

	2021	2020
Turnover by destination	**£'000**	£'000
United Kingdom	**18,259**	14,754
USA	**537**	294
Australia	**1,506**	1,284
	20,302	16,332

Notes to the financial statements for the year ended 31 December 2021 (continued)

4 Turnover (continued)

	2021	2020
Turnover by revenue stream	**£'000**	£'000
Circulation	**16,295**	13,177
Other	**4,007**	3,155
	20,302	16,332

5 Profit before taxation

	2021	2020
	£'000	£'000
The profit before taxation is stated after charging:		
Employee costs	**4,767**	4,260
Operating lease charges on land and buildings	**305**	305
Operating lease charges on plant and machinery	**18**	18
Bad debt provision	**27**	49
Depreciation	**65**	60
Amortisation	**175**	177
Auditors' remuneration for:		
Audit fees	**45**	42
Exceptional items:		
Legal fees	**339**	-

6 Tax on profit

	2021	2020
	£'000	£'000
Current tax		
UK Corporation tax on profit for the financial year	**791**	381
Tax on profit	**791**	381

The tax assessed for the period is higher (2020 – higher) than the standard rate of corporation tax in the UK for the period ended 2 January 2022 of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
Profit before taxation	**2,941**	1,574
Profit before taxation multiplied by standard rate in the UK: 19% (2020 : 19%)	**559**	299
Effects of:		
Expenses not deductible for tax	**67**	51
Capital allowances in excess of depreciation	**(1)**	31
Deemed interest on intercompany loan balances	**166**	-
Total taxation	**791**	381

Notes to the financial statements for the year ended 31 December 2021 (continued)

6 Tax on profit (continued)

There is a potential deferred tax asset not recognised due to accelerated capital allowances of £31,000 (*2020: £32,000*).

Tax rate changes
In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%.

7 Intangible assets

	Computer Software £'000
Historical Cost:	
At 1 January 2021	1,129
Additions	165
Disposals	(48)
At 31 December 2021	**1,246**
Accumulated amortisation:	
At 1 January 2021	582
Charge for the year	175
Disposals	(48)
At 31 December 2021	**709**
Net book value:	
At 31 December 2021	**537**
At 31 December 2020	547

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Tangible assets

	Leasehold Improvements	Equipment	Fixtures and Fittings	Total
	£'000	**£'000**	**£'000**	**£'000**
Historical Cost:				
At 1 January 2021	195	301	104	600
Additions	5	38	1	44
Disposals	-	(156)	(15)	(171)
At 31 December 2021	**200**	**183**	**90**	**473**
Accumulated depreciation:				
At 1 January 2021	140	217	67	424
Charge for the year	11	46	8	65
Disposals	-	(156)	(15)	(171)
At 31 December 2021	**151**	**107**	**60**	**318**
Net book value:				
At 31 December 2021	**49**	**76**	**30**	**155**
At 31 December 2020	55	84	37	176

9 Debtors

	2021	2020
	£'000	£'000
Trade debtors	**1,532**	761
Amounts owed by group undertaking	**18,449**	16,649
Other debtors	**169**	164
Prepayments and accrued income	**498**	635
	20,648	18,209

The amounts owed by the group undertaking is unsecured, interest free, have no fixed terms for repayment and are repayable on demand. There are currently no intentions to seek repayment of the balances.

10 Creditors - amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	**179**	549
Corporation tax	**791**	381
Other taxation and social security	**124**	114
Accruals and deferred income	**5,280**	4,329
	6,374	5,373

Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Financial instruments

	Note	2021 £'000	2020 £'000
Carrying amount of financial assets			
Trade debtors	9	**1,532**	761
Amounts owed by parent company	9	**18,449**	16,649
Cash		**1,752**	1,009
Other debtors	9	**169**	164
		21,902	18,583
Carrying amount of financial liabilities			
Trade creditors	10	**179**	549
		179	549

12 Called up share capital

	2021 £'000	2020 £'000
Authorised:		
1,700,000 *(2020: 1,700,000)* Ordinary shares of £1 each	**1,700**	1,700
Allotted and fully paid:		
1,403,968 *(2020: 1,403,968)* Ordinary shares of £1 each	**1,404**	1,404

13 Employee information

(a) Directors' emoluments

In 2021 and 2020 the Directors were remunerated by other Group companies in respect of services rendered to the Company. No re-charges were made to the Company for these services.

b) Average monthly number of persons employed

	2021 Number	2020 Number
By activity:		
Editorial	33	29
Selling, distribution and administration	41	41
	74	65

c) Employee costs

	2021 £'000	2020 £'000
Wages and salaries	**4,093**	3,714
Social security costs	**511**	389
Other pension costs	**163**	157
	4,767	4,260

Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Pensions

The Company operates a defined contribution scheme and contributions to the scheme are charged to the Company's statement of comprehensive income as the Company's obligation to pay arises. As at 31 December 2021 there was no liability *(2020: £nil)*.

15 Operating lease commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
Payments due:	**£'000**	£'000
Not later than one year	**323**	323
Later than one year and not later than five years	**1,238**	1,256
Later than five years	**-**	305
	1,561	1,884

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business on a wide range of matters, including, among others, livel claims. The Company currently does not have any material legal claims outstanding.

16 Related party transactions

Rent
The Company paid rent to Spectator Properties Limited. Costs of £368,000 (2020: £368,000) were recognised. No amounts were outstanding at year end (2020: £Nil).

Management Fees
The Company paid management fees to St James's Street Property Management Limited. Costs of £42,000 (2020: £42,000) were recognised. At the year-end £3,500 (2020: £3,500) was outstanding and included within accounts payable.

These related party transactions relate to sales and expenditure with entities in which the Company has common ultimate controlling parties. There were no other related party transactions during the year (2020: £Nil).

17 Ultimate controlling party

The immediate holding company is May Corporation Limited, a company incorporated in Jersey, Channel Islands the Directors regard the Company as being ultimately controlled by the Sir David and Sir Frederick Barclay Family Settlements.

B.UK Limited, a company incorporated in Bermuda, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021.