

The Spectator (1828) Limited

(Registered Number: 01232804)

Annual Report and Financial Statements

For the Year Ended 31 December 2020

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The Spectator (1828) Limited

Strategic Report for the year ended 31 December 2020 (registered number: 01232804)

Review of the business

Turnover has increased by 15% to £16,332,000 in 2020 (2019: £14,170,000). Circulation revenue growth has resulted from volume and price increases in subscriptions sales.

The profit before taxation is £1,574,000 (2019: profit £666,000). The directors recommend that no dividend is paid in the year (2019: nil) and that the profit for the financial year be transferred to reserves.

During 2020, the company continued to invest significantly in its digital, marketing and editorial departments. It also continued to expand its operation in the USA. In September 2020 it launched a weekly streaming TV show.

The net assets at the balance sheet date were £14,568,000 (2019: £13,375,000).

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:

	2020 Number	2019 Number
Spectator - Average number of copies print and digital per issue	101,554	88,261
- Average global unique user browsers per month	2,480,799	2,247,262
Apollo - Average number of copies per issue	4,960	3,787

Future developments

In 2021 and beyond the company plans to continue to grow turnover. It will continue the development of its digital products in order to increase Circulation revenues from subscription sales.

Covid-19

The performance of the company was impacted by Covid-19 in multiple ways. Newsstand copy sales fell by 23% as a number of stores in train stations and airports closed and advertising sales fell by 17%. It was unable to host any physical events since March 2020 however was able to transfer sponsorship for these events to podcasts, virtual events and the new TV show. These losses in turnover have been compensated by a 40% increase in subscriber numbers by the year end, resulting in an overall increase in revenues.

The Spectator (1828) Limited

Strategic Report for the year ended 31 December 2020 (Continued)

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 and events business.

In light of Covid-19 there are a number of extra risks and uncertainties. Advertising revenues could continue to be adversely affected as the economy struggles to recover. Art fairs which help promote Apollo Magazine might not resume until the middle of 2021. Live events may not be able to take place until the second half of 2021. In order to mitigate these risks, the company continues to manage its costs and grow its subscriptions business.

Financial risk management

The directors consider that the company's key financial instruments are cash and intercompany balances with other group companies. Financial exposures exist 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

Director

23 September 2021

The Spectator (1828) Limited

Directors' Report for the year ended 31 December 2020 (registered number: 01232804)

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Financial risks, 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* and *Apollo* magazines and related digital products and events.

Directors and directors' interests

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

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, career development and promotion 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.

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.

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 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 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

The Spectator (1828) Limited

Directors' Report for the year ended 31 December 2020 (continued) (registered number: 01232804)

Statement of directors' responsibilities in respect of the financial statements (continued)

- 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 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.

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.

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.

Post balance sheet event

As at the date of signing these financial statements, the Covid-19 pandemic is still ongoing, and the United Kingdom under lockdown measures. There are no other known events affecting the Company.

Going concern

The Directors acknowledge that there are additional risks and uncertainties for the business arising from the impacts of Covid-19 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 a severe but plausible downside scenario to reflect the ongoing impact of Covid-19, including the positive effect on the subscriber base during 2020, close management of costs and the pressures on advertising income and events.

Based on this assessment of the company's liquidity position 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 to meet their liabilities as they fall due for a period of at least 12 months from the signing date of these financial statements. The Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Management review the impact of Covid-19 on a regular basis and update cash flow forecasts every month.

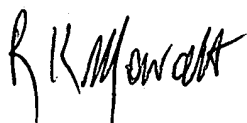
The Spectator (1828) Limited

Directors' Report for the year ended 31 December 2020 (continued) **(registered number: 01232804)**

Independent auditors

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

Director

23 September 2021

The Spectator (1828) Limited

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 2020 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 2020; 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.

The Spectator (1828) Limited

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

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 2020 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.

The Spectator (1828) Limited

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

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 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.

The Spectator (1828) Limited

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

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 Grimby (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

23rd September 2021

The Spectator (1828) Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	16,332	14,170
Cost of sales		(3,604)	(4,012)
Gross profit		12,728	10,158
Distribution costs		(3,478)	(2,708)
Administrative expenses		(7,676)	(6,783)
Operating profit		1,574	667
Interest payable and similar expenses		-	(1)
Profit before taxation	5	1,574	666
Tax on profit	6	(381)	(186)
Profit for the financial year		1,193	480

The notes on pages 14 to 24 are an integral part of these financial statements.

All amounts relate to continuing operations.

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.

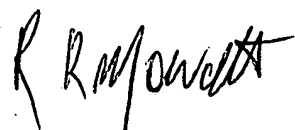
The Spectator (1828) Limited

Balance sheet as at 31 December 2020 (registered number 01232804)

	Note	2020 £'000	2019 £'000
Fixed Assets			
Intangible assets	7	547	501
Tangible assets	8	176	174
		<u>723</u>	<u>675</u>
Current assets			
Debtors	9	18,209	16,876
Cash at bank and in hand		1,009	453
		<u>19,218</u>	<u>17,329</u>
Creditors - amounts falling due within one year	10	(5,373)	(4,629)
Net current assets		<u>13,845</u>	<u>12,700</u>
Total assets less current liabilities		<u>14,568</u>	<u>13,375</u>
Capital and reserves			
Called up share capital	12	1,404	1,404
Capital contribution reserve		60	60
Retained earnings		13,104	11,911
Total equity		<u>14,568</u>	<u>13,375</u>

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements on pages 10 to 24 were approved by the board of directors on 23 September 2021 and were signed on behalf of the board by:



R K Mowatt
Director

The Spectator (1828) Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up Share capital	Capital contribution reserve ¹	Retained Earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2019	1,404	60	11,431	12,895
Profit for the financial year	-	-	480	480
At 31 December 2019	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

¹The 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 2020

	Note	2020 £'000	2019 £'000
Operating profit		1,574	667
Tax on profit	6	(381)	(186)
Depreciation	8	60	59
Amortisation	7	177	130
Gain from disposal of fixed assets		-	(3)
		<u>1,430</u>	<u>667</u>
Increase in debtors	9	(1,333)	(776)
Increase in creditors	10	744	516
Net cash inflow from operating activities		<u>841</u>	<u>407</u>
Cash flow from financing activities			
Interest Paid		-	-
Net cash inflow from financing activities		<u>-</u>	<u>-</u>
Cash flow from investing activities			
Purchase of tangible and intangible assets	7/8	(285)	(512)
Receipts from sale of tangible assets		-	3
Net cash used in investing activities		<u>(285)</u>	<u>(509)</u>
Net increase/(decrease) in cash and cash equivalents		556	(102)
Cash and cash equivalents at start of year		453	555
Cash and cash equivalents at end of year		<u>1,009</u>	<u>453</u>
Cash and cash equivalents are made up of:			
Cash at bank and in hand		1,009	453

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020

1 General information

The Spectator (1828) Limited ("the company") is a magazine publisher and events management business. This is a private company limited by shares, incorporated in the United Kingdom. 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 a number of forward-looking scenarios which included 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 for a period of at least 12 months from the signing date of these financial statements. 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 ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Turnover

Turnover represents sales to third parties of magazines, 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 circulation and advertising revenue is recognised on the date of publication. Subscription revenue is recognised on a straight line basis over the term of the subscription. Events sponsorship and ticket sales are recognised on the date of the event.

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.

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
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Short-term 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.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Taxation

Current tax

Current tax is the amount of income 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 evaluates 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.

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 profit and loss account as the company's obligation to pay arises.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

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 profit and loss account 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.

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.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

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 are not recognised. 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 not recognised. 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 profit or loss.

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 in profit or loss.

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 instruments (continued)

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

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 estimate 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 managements analysis of the current year's sales.

4 Turnover

	2020 £'000	2019 £'000
Turnover by destination		
United Kingdom	14,754	13,113
USA	294	16
Australia	1,284	1,041
	<u>16,332</u>	<u>14,170</u>

5 Profit before taxation

	2020 £'000	2019 £'000
The profit before taxation is stated after charging:		
Employee costs	4,260	3,637
Operating lease charges on land and buildings	305	305
Operating lease charges on plant and machinery	18	18
Bad debt provision	49	20
Depreciation	60	59
Amortisation	177	130
Auditors' remuneration for:		
Audit fees	<u>42</u>	<u>35</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Tax on profit

	2020 £'000	2019 £'000
Current tax		
UK Corporation tax on profit for the financial year	<u>381</u>	<u>186</u>
Tax on profit	<u>381</u>	<u>186</u>

The tax assessed for the year is higher (2019 – higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit before taxation	<u>1,574</u>	<u>666</u>
Profit before taxation multiplied by standard rate in the UK: 19% (2019 : 19%)	299	127
Effects of:		
Expenses not deductible for tax	51	38
Capital allowances in excess of depreciation	<u>31</u>	<u>21</u>
Total taxation	<u><u>381</u></u>	<u><u>186</u></u>

There is an unrecognised deferred tax asset due to accelerated capital allowances of £31,000 (2019: £32,000).

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will rise to 25%.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Intangible assets

	Computer Software £'000
Historical Cost:	
At 1 January 2020	1,019
Additions	223
Disposals	(113)
At 31 December 2020	1,129
Accumulated amortisation:	
At 1 January 2020	518
Charge for the year	177
Disposals	(113)
At 31 December 2020	582
Net book value:	
At 31 December 2020	547
At 31 December 2019	501

8 Tangible assets

	Leasehold Improvements £'000	Equipment £'000	Fixtures and Fittings £'000	Total £'000
Historical Cost:				
At 1 January 2020	195	285	118	598
Additions	-	62	-	62
Disposals	-	(46)	(14)	(60)
At 31 December 2020	195	301	104	600
Accumulated depreciation:				
At 1 January 2020	130	227	67	424
Charge for the year	10	36	14	60
Disposals	-	(46)	(14)	(60)
At 31 December 2020	140	217	67	424
Net book value:				
At 31 December 2020	55	84	37	176
At 31 December 2019	65	58	51	174

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Debtors

	2020	2019
	£'000	£'000
Trade debtors	761	931
Amounts owed by parent company	16,649	15,236
Other debtors	164	59
Prepayments and accrued income	635	650
	<u>18,209</u>	<u>16,876</u>

The amounts owed by the parent company are 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

	2020	2019
	£'000	£'000
Trade creditors	549	645
Corporation tax	381	186
Other taxation and social security	114	98
Accruals and deferred income	4,329	3,700
	<u>5,373</u>	<u>4,629</u>

11 Financial instruments

	Note	2020	2019
		£'000	£'000
Carrying amount of financial assets			
Trade debtors	9	761	931
Amounts owed by parent company	9	16,649	15,236
Cash		1,009	453
Other debtors	9	164	59
		<u>18,583</u>	<u>16,679</u>
Carrying amount of financial liabilities			
Trade creditors	10	549	645
		<u>549</u>	<u>645</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Called up share capital

	2020	2019
	£'000	£'000
Authorised:		
1,700,000 (2019: 1,700,000) Ordinary shares of £1 each	<u>1,700</u>	<u>1,700</u>
Allotted and fully paid:		
1,403,968 (2019: 1,403,968) Ordinary shares of £1 each	<u>1,404</u>	<u>1,404</u>

13 Employee information

a) Directors' emoluments

In 2020 and 2019 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 (including Directors)

	2020	2019
	Number	Number
By activity:		
Editorial	29	24
Selling, distribution and administration	<u>41</u>	<u>41</u>
	<u>70</u>	<u>65</u>

c) Employee costs

	2020	2019
	£'000	£'000
Wages and salaries	3,714	3,172
Social security costs	389	334
Other pension costs	<u>157</u>	<u>131</u>
	<u>4,260</u>	<u>3,637</u>

14 Pensions

The company operates a defined contribution scheme and contributions to the scheme are charged to the company's profit and loss account as the company's obligation to pay arises. As at year end 2020 there was no liability (2019: £nil).

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Operating lease commitments

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

	2020	2019
	£'000	£'000
Payments due:		
Not later than one year	323	323
Later than one year and not later than five years	1,256	1,273
Later than five years	305	609
	<u>1,884</u>	<u>2,205</u>

The company had no other off-balance sheet arrangements.

16 Related party transactions

Rent

The company paid rent to Spectator Properties Ltd. Costs of £368,000 (2019: £366,000) were recognised. No amounts were outstanding at year end (2019: £Nil).

Management Fees

The company paid management fees to St James's Street Property Management. Costs of £42,000 (2019: £21,000) were recognised. At the year end £3,500 (2019: £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 (2019:£nil)

17 Post balance sheet event

As at the date of signing these financial statements, the Covid-19 pandemic is still ongoing. There are no other known events affecting the Company.

18 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 2020. Press Holdings Limited incorporated in Jersey is the smallest group of undertakings to consolidate these financial statements.