

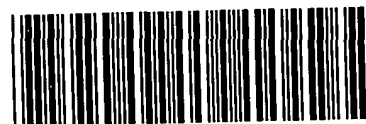
**Company Registration No. 06764905**

**Lebedev Holdings Limited**

**Report and Financial Statements**

**27 September 2015**

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COMPANIES HOUSE

# **Lebedev Holdings Limited**

## **Report and financial statements 2015**

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# **Lebedev Holdings Limited**

## **Report and financial statements 2015**

### **Officers and professional advisers**

#### **Directors**

E Lebedev  
A Lebedev  
S A Auckland  
J D E Byam Shaw  
M Malhotra

#### **Secretary**

M Malhotra

#### **Registered Office**

2 Derry Street  
London  
W8 5HF

#### **Bankers**

Lloyds TSB Bank plc  
25 Gresham Street  
London  
EC2V 7HN

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London  
EC4A 3BZ

# Lebedev Holdings Limited

## Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Principal activities

The principal activity of the Company continues to be that of a holding company. The principal activity of the Group for the year to 27 September 2015 was the publishing of newspapers. ESTV Limited was incorporated within the Group on 6 August 2012 and its principal activity is TV broadcasting of a London TV channel called London Live, which commenced broadcasting on 31 March 2014. The analyses of turnover and operating loss for the year ended 27 September 2015 are included as notes 2 and 4 to the financial statements.

### Review of business and future developments

The Group made an operating loss before tax of £10,354,000 (2014: £19,418,000) and has net liabilities of £130,303,000 (2014: £122,495,000).

The London Evening Standard is a quality weekday newspaper that is distributed for free throughout Greater London. The London Evening Standard distributes 900,000 copies per day with a readership of 2 million people.

Evening Standard Ltd recorded its highest operating profit and a fourth consecutive year of operating profit, 2012 being the first profitable year for the newspaper since 2001 (when under previous ownership). Homes & Property, the free property supplement published every Wednesday, and ES Magazine, the free glossy magazine published every Friday, both delivered record profits in the year despite operating in competitive markets.

Display advertising revenues grew significantly in the year, despite the highly challenging market for print based advertising, primarily as a result of the full year effect of the increased advertising yields achieved following the increase in distribution to 900,000 copies in April 2014. All other revenue streams including classified and digital revenues also recorded significant year on year growth to help deliver a record turnover of £71.3m, a 13% increase on the previous year.

In October 2014, Evening Standard Ltd increased the distribution of the ES Magazine to 360,000 copies per week. This was achieved by more closely aligning the magazine's distribution footprint with the newspaper and extending its availability by including a full Thursday distribution. Evening Standard Ltd also made a significant investment in its digital operations and refreshed the companion website [standard.co.uk](http://standard.co.uk), which will help deliver increased levels of profitability in the future. These factors, combined with the full year effect of additional print, newsprint and distribution costs of printing 900,000 copies of the newspaper, ensured total costs were higher than the previous year. As well as this the cost base was reduced through a restructuring of the editorial team and the benefits of an extended print contract and new arrangements for procuring newsprint in 2015.

The London Evening Standard had an extremely successful year editorially with front page exclusives and ground-breaking journalism helping secure a loyal readership. Building on campaigns that won national plaudits for tackling the hardest social issues, the newspaper launched London United harnessing football to bring teenagers out of gangs by giving them Football Association training backed by the big London clubs. The title's reputation for breaking the biggest stories continued this year by revealing that Prince Harry was leaving the army and its political insight and speed of coverage were both encapsulated in a special early edition on the General Election results in May 2015.

The Company's fully owned subsidiary Independent Print Limited, which publishes The Independent, The Independent on Sunday and *i*, recorded another significant reduction in its operating losses in the year.

Circulation revenues increased over the last twelve months due to a cover price increase of 10 pence on *i*, the concise newspaper title launched in 2010, on 23 February 2015. The title was further supported by a TV marketing campaign in Spring 2015, as well as some additional targeted marketing activity aiming to build on the title's success in attracting readers in Scotland.

Independent Print Ltd recorded a year on year decline in display advertising revenues in a challenging print advertising market for quality national newspapers. However, classified advertising revenues performed above expectations to record modest year on year growth and other non advertising revenue streams, such as syndication and reader offers, were in line with expectations.

# Lebedev Holdings Limited

## Strategic report (continued)

### Review of business and future developments (continued)

The cover price of The Independent was increased by a further 20 pence on 28 September 2015.

During the year, Independent Print Ltd materially benefited from a new print contract and new arrangements for procuring newsprint from January 2015 onwards. Independent Print Ltd was also able to deliver further cost savings by continuing to maximise the benefits from combining with other group companies where possible and by a further softening in newsprint prices.

On 12 February 2016, Independent Print Ltd agreed to sell the i newspaper to Johnston Press plc, subject to their shareholders' approval, for a total consideration of £24m. On the same date, it was also announced that it would cease publishing The Independent on Sunday and The Independent in print form on 20 March 2016 and 26 March 2016 respectively. Following on from these announcements, Independent Print Ltd began TUPE consultation with the relevant members of staff and consulted more widely with its employees in order to find employment for as many of them as possible at other Group companies and at the connected company, Independent Digital News and Media Ltd, the publisher of independent.co.uk. Regrettably, the staff who were not found alternative employment during this consultation period were made redundant.

Independent Print Ltd will continue to provide outsourced publishing services to the connected company, Independent Digital News and Media Ltd despite the cessation of the newspaper print publishing business.

Following the purchaser's shareholder approval being granted, the sale of i was completed on 10 April 2016, and Independent Print Ltd ceased publishing newspapers in print format from that date onwards. As part of the sale of i, independent Print Ltd entered into a three year content syndication deal with the purchaser and it will continue to generate syndication revenues from its archive for the foreseeable future.

The Company's fully owned subsidiary ESTV Limited completed its first full year of trading since the launch of the channel London Live in March 2014. The channel has consolidated its position in the market and delivered increased revenues through consistent audience growth. Losses have been reduced in line with expectations and the company established a sustainable business model and cost base for the future.

London Live delivered consistent audience growth over the last year with more than 2.3 million (24 per cent) adults watching the channel every month. Over 70 per cent of Londoners have experienced London Live, with 70 per cent of these returning as regular viewers. Around 150,000 new viewers are trying the channel every month, providing clear visibility for audience growth to continue over the coming year.

Content delivery continued to focus on delivering licence commitments, whilst driving continuing audience growth, with over six hours per day of first run programming focusing on London news, current affairs and events. A number of new initiatives have been run including more sport, a dedicated football show and regular Saturday night boxing. High quality acquired programmes including films, comedy and factual entertainment, continue to be the key driver of audience growth.

National advertising revenue displayed solid growth in line with audience, whilst local revenue also started building to deliver a valuable secondary revenue stream. It is anticipated that the business now has the critical mass to deliver sponsorship and long form advertising revenue in the coming year.

In May 2015, Ofcom agreed to a licence variation, allowing London Live greater flexibility over its news and current affairs output and additionally, permitting the channel to retain its first year commitments for first run local output for the future. The cost base has been reduced to a sustainable level following a restructure of the programming team in October 2014, and the news and current affairs team in January 2015.

### Outlook

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

# Lebedev Holdings Limited

## Strategic report (continued)

### Review of business and future developments (continued)

Evening Standard Ltd will seek to expand on its improved position within the newspaper market and deliver a quality audience attractive to advertisers through its print distribution and improved digital platforms. There will be continuing focus on improving Evening Standard Ltd's financial performance by improving its net advertising yields and seeking new revenue opportunities where available. Evening Standard Ltd's performance and forecasts have enabled partial recognition of tax losses.

Since the end of the year, ESTV Ltd has continued to deliver audience and revenue growth in line with its business plan. Combined with a tight control of its cost base, the audience and revenue growth should help deliver a material reduction in losses over the next 12 months, whilst continuing to absorb a significant level of Group overheads.

### Key performance indicators

In order to monitor the development, performance and financial position of the business, the Group uses key performance indicators for the newspaper business such as total revenue, operating margin, average daily circulation, advertising yield, average daily paginations and advertising ratios. In television the Group uses measure such as operating margin, audience ratings, profile, commercial impacts by agency and brand, advertising minutes per hour, website unique users, page impressions, video plays and social media followers.

### Principal risks and uncertainties

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

#### *Liquidity and cash flow*

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

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

#### *Audience delivery*

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

#### *Exposure to changes in the economy and advertising patterns*

General economic conditions and the financial health of our advertising clients affect the performance of our business. In addition, the removal of the cover price from the London Evening Standard has the effect of placing further reliance on advertising spending which has historically been cyclical, with companies spending less on advertising in times of economic slowdown. The Group has a continuing commitment to invest in editorial 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 their markets.

# Lebedev Holdings Limited

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### *Legal and regulatory*

Following the closure in September 2014 of the Press Complaints Commission, the Group decided not to join the new system of self-regulation established by other parts of the industry. This was the result of the Group believing that questions remained to be answered about how the Independent Press Standards Organisation (IPSO) would operate. In lieu of subscribing to IPSO the Group strengthened its internal complaints handling mechanism, notably by increasing the relevant staffing resource. The Group also made clearer to readers of its titles how they could complain about published content or the behaviour of journalists. Overall the number of complaints received about editorial matters has risen, but that appears largely to reflect the fact that more material is being published on the Group's websites and our online audiences have grown, as well as the better signposting of our in-house complaints system. Senior editorial executives have been updated on the current state of play and in particular have been made aware of which issues tend to give rise to complaints from readers. The Group will of course continue to monitor the situation. It has also been in ongoing discussions with IPSO about the possibility of joining the wider system of self-regulation. Some of the questions which the Group had about IPSO's operation have been satisfactorily answered; other points may be sufficiently clarified in the coming year.

Aside from its in-house Code of Editorial Conduct and related policies and guidance, the business is subject to various pieces of legislation and other external regulations, including the Defamation Act, Contempt of Court Act, Bribery Act, health and safety requirements, Data Protection and employment law. Additionally, there are specific regulations set out by the Office of Fair Trading and the Audit Bureau of Circulation (ABC) to which the Group must adhere. Changes to, or breaches of, legislation or regulations could adversely affect the future results and reputation of the Group. Employees are made aware of health and safety and employment rights through the Group's intranet. Controls are also in place surrounding compliance with the ABC's regulations and those of other regulatory bodies.

#### *Price volatility of newsprint*

Newsprint represents a significant proportion of the Group'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 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 Group 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.

#### *Impact of a major disaster or outbreak of disease*

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

# Lebedev Holdings Limited

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### *Reliance on key suppliers*

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

#### *Reader/listener promotions*

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

### Key performance indicators

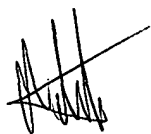
In order to monitor the development, performance and financial position of the business, the Group uses key performance indicators such as total revenue, operating margin, average daily circulation, advertising yield, average daily paginations, advertising ratios, website unique users and page impressions, as well as headcount. ESTV Limited also uses key performance indicators such as audience ratings, impacts and advertising minutes per hour.

### Employees

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

The methods used depend on the varying sizes of the departments but management make every effort to ensure regular contact and exchange of information with staff. It is the Group's policy to give full and fair consideration to suitable applications from disabled persons for employment. Where employees become disabled in the course of their employment, they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training.

Approved by the Board of Directors and signed on behalf of the Board



M Malhotra  
Director

22 April 2016



# Lebedev Holdings Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 27 September 2015. The Group makes up its accounts to the Sunday nearest to 30 September. The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Director's report.

### Directors

The directors, who served during the year, were as follows:

E Lebedev  
A Lebedev  
J D E Byam Shaw  
S A Auckland  
M Malhotra

### Directors indemnities

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

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. As highlighted in Note 1, the day to day working capital requirements of Independent Print Ltd and ESTV Ltd have been met through long term loans as and when required. Following the sale of the i newspaper in April 2016 the Independent Print Ltd forecasts and projections show that additional funding will not be required to be made available by Mr Alexander Lebedev, Mr Evgeny Lebedev or its shareholder. Nevertheless, Messrs Lebedev and the Company's shareholder have expressed their willingness to continue supporting Independent Print Ltd and other Group companies as and when required. The directors currently have no reason to believe that the Group will not have access to adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis in preparing the financial statements.

### Charitable and political contributions

During the year, the Group made charitable donations of £52,897 (2014: £8,916).

### Auditor

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

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

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

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

Approved by the Board of Directors  
and signed on behalf of the Board

  
M Malhotra  
Director

22 April 2016

# **Lebedev Holdings Limited**

## **Statement of directors' responsibilities**

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

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

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

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

We have audited the financial statements of Lebedev Holdings Limited for the year ended 27 September 2015 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, consolidated cash flow statement, reconciliation of movement in shareholders' deficit and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 27 September 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a loss of £9,878,000 during the year ended 27 September 2015 and at that date it had net liabilities of £130,303,000. The Company incurred a loss of £423,000 during the year ended 27 September 2015 and at that date it had net liabilities of £6,446,000. The Company and the Group require significant future funding to continue to trade. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

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

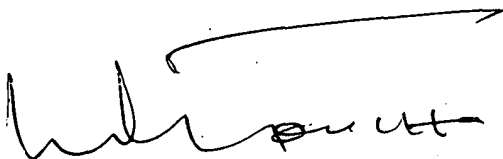
### **Opinion on matters prescribed in the Companies Act 2006**

In our opinion the information 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

A handwritten signature in black ink, appearing to read 'William Touche', with a long horizontal line extending from the end of the signature.

William Touche (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

22 April 2016

# Lebedev Holdings Limited

## Consolidated profit and loss account Year ended 27 September 2015

	Notes	2015 £'000	2014 £'000
Turnover	1, 2	127,388	119,413
Trading loss		(5,311)	(14,956)
One-off items	9	(1,786)	(1,487)
Operating loss	4	(7,097)	(16,443)
Interest receivable and similar income		38	24
Interest payable and similar charges	8	(3,296)	(2,999)
Loss on ordinary activities before taxation		(10,355)	(19,418)
Tax credit / (charge) on loss on ordinary activities	10	2,547	(251)
Loss on ordinary activities after taxation		(7,808)	(19,669)
Minority interests		(2,070)	(294)
Retained loss for the financial year	20	(9,878)	(19,963)

All amounts relate to continuing operations.

There were no gains or losses for 2015 or 2014 other than the loss for the year and consequently no separate statement of total recognised gains and losses is presented.

The notes on pages 16 to 31 form part of these financial statements.

# Lebedev Holdings Limited

## Consolidated balance sheet 27 September 2015

	Notes	27-Sep 2015 £'000	28-Sep 2014 £'000
<b>Fixed assets</b>			
Intangible assets	11	434	289
Tangible assets	12	397	808
		<u>831</u>	<u>1,097</u>
<b>Current assets</b>			
Stocks	14	526	72
Debtors	15	34,290	28,873
Cash at bank and in hand		15,445	11,459
		<u>50,261</u>	<u>40,404</u>
<b>Creditors: amounts falling due within one year</b>	16	(87,420)	(69,228)
<b>Net current liabilities</b>		<u>(37,159)</u>	<u>(28,824)</u>
<b>Total assets less current liabilities</b>		(36,328)	(27,727)
<b>Creditors: amounts falling due after more than one year</b>	17	(77,450)	(82,005)
<b>Provisions for liabilities</b>	18	(16,525)	(12,763)
<b>Net liabilities</b>		<u>(130,303)</u>	<u>(122,495)</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,590	1,590
Profit and loss account	20	(119,301)	(109,423)
<b>Total equity shareholders' deficit</b>		<u>(117,711)</u>	<u>(107,833)</u>
<b>Minority interests</b>	21	(12,592)	(14,662)
		<u>(130,303)</u>	<u>(122,495)</u>

The notes on pages 16 to 31 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 22 April 2016.

Signed on behalf of the Board of Directors



M Malhotra  
Director

# Lebedev Holdings Limited

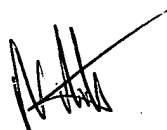
## Company balance sheet 27 September 2015

	Notes	27-Sep 2015 £'000	28-Sep 2014 £'000
<b>Fixed assets</b>			
Investments	13	-	-
<b>Current assets</b>			
Cash at bank		-	-
<b>Creditors: amounts falling due within one year</b>	16	(6,446)	(6,023)
<b>Net current liabilities</b>		<u>(6,446)</u>	<u>(6,023)</u>
<b>Total assets less current liabilities</b>		(6,446)	(6,023)
<b>Creditors: amounts falling due after more than one year</b>	17	-	-
<b>Net liabilities</b>		<u><u>(6,446)</u></u>	<u><u>(6,023)</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1,590	1,590
Profit and loss account	20	(8,036)	(7,613)
<b>Total equity shareholders' deficit</b>		<u><u>(6,446)</u></u>	<u><u>(6,023)</u></u>

The notes on pages 16 to 31 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 22 April 2016.

Signed on behalf of the Board of Directors



M Malhotra  
Director

## Lebedev Holdings Limited

### Consolidated cash flow statement Year ended 27 September 2015

	Notes	2015 £'000	2014 £'000
Net cash outflow from operating activities	22	(6,563)	(10,638)
Returns on investments and servicing of finance	23	38	24
Capital expenditure and financial investment	23	(1,489)	(4,585)
<b>Cash outflow before financing</b>		<b>(8,014)</b>	<b>(15,199)</b>
Financing	23	12,000	15,500
<b>Increase in cash in the year</b>		<b>3,986</b>	<b>301</b>



## Lebedev Holdings Limited

### Reconciliation of movement in shareholders' deficit Year ended 27 September 2015

Group	27-Sep	28-Sep
	2015	2014
	£'000	£'000
Opening shareholders' deficit	(107,833)	(87,870)
Loss for the year	(9,878)	(19,963)
Closing shareholders' deficit	<u>(117,711)</u>	<u>(107,833)</u>
Company	27-Sep	28-Sep
	2015	2014
	£'000	£'000
Opening shareholders' deficit	(6,023)	(5,625)
Loss for the year	(423)	(398)
Closing shareholders' deficit	<u>(6,446)</u>	<u>(6,023)</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the Company was £423,000 (2014: £398,000).

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 1. Accounting policies

#### Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Going concern

The Group incurred a net loss of £9,878,000 during the year ended 27 September 2015 and at that date it had net liabilities of £130,303,000. The Company incurred a loss of £423,000 during the year ended 27 September 2015 and at that date it had net liabilities of £6,446,000. The Company and the Group require significant further funding and meet day to day working capital requirements through long term finance provided by Mr Alexander Lebedev and Mr Evgeny Lebedev, directors of the Company during the year, and companies under their control. Messrs Lebedev have continued to provide further finance since the year end to meet the funding requirements of the Company and the Group and have confirmed in writing to the other directors their on-going commitment to provide adequate funding for at least twelve months from the date of approval of these financial statements although no formal funding arrangement is in place.

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

#### Financial year

The annual financial statements of the Company and the Group's newspaper publishing subsidiaries are made up to the Sunday nearest to 30 September. This results periodically in a financial year of 53 weeks although the current accounting period is for a 52 week period (2014: 52 week period). The results for ESTV Limited represent the financial year from 1 October 2014 to 30 September 2015.

#### Basis of consolidation

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

#### Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of Value Added Tax, trade discounts and commission where applicable and is recognised using several methods. Publishing and circulation revenue is recognised on the issue of the publication. Advertising revenue is recognised on issue of publication or over the period of the on line campaign.

#### 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.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 1. Accounting policies (continued)

#### Leasing

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

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

#### Programme assets

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

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

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. 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

#### Investments

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

#### Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off immediately if impaired. Purchased intangible assets relating to newspaper publishing rights, titles and other intangible assets are capitalised and written off immediately if impaired.

#### Stocks

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

#### 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.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 1. Accounting policies (continued)

#### Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and Loss Account.

#### Pensions

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

### 2. Turnover

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

	2015 £'000	2014 £'000
Newspaper Publishing	124,726	118,151
TV Broadcasting	2,662	1,262
	<u>127,388</u>	<u>119,413</u>

Included within turnover is £1,676,000 (2014: £1,033,000) of advertising revenue which was provided in return for goods and services. All turnover arose within the United Kingdom.

### 3. Other operating income

	2015 £'000	2014 £'000
Other operating income	<u>4,967</u>	<u>4,124</u>

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 4. Operating loss

	2015 £'000	2014 £'000
<b>Analysis of expenses:</b>		
Cost of sales	100,361	105,758
Distribution costs	15,602	14,357
Administrative expenses	16,743	14,236

The operating loss is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets		
- owned by the Group	183	143
- assets held under finance lease	294	170
Programme Amortisation	1,278	2,708
Programme Impairment	-	693
Release of IT prepayment	730	729
Operating lease rentals		
- plant and machinery	44	112
- other operating leases	1,352	2,155
Difference on foreign exchange	2	47

### 5. Auditor's remuneration

	2015 £'000	2014 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	5
Fees payable to the Company's auditor for taxation compliance services of the Company	2	2
Fees payable to the subsidiary's auditor for the audit of accounts of subsidiary companies	112	111
Fees payable to the subsidiary's auditor for taxation compliance services of subsidiary companies	16	17

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 6. Staff costs

Staff costs were as follows:

	2015 £'000	2014 £'000
Wages and salaries	35,648	32,647
Social security costs	4,136	3,929
Other pension costs (note 26)	1,126	1,165
	<u>40,910</u>	<u>37,741</u>

Staff costs exclude redundancy costs included in note 9.

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

	2015 No.	2014 No.
TV Broadcasting	62	49
Newspaper and Digital publishing	595	567
	<u>657</u>	<u>616</u>

### 7. Directors' emoluments

	2015 £'000	2014 £'000
Directors' emoluments were as follows:		
Emoluments	1,446	546
Company contributions to money purchase schemes	36	43
	<u>1,482</u>	<u>589</u>

Highest paid director

Emoluments	953	486
Company contributions to money purchase schemes	-	43
	<u>953</u>	<u>529</u>

Retirement benefits are accruing to one director under a money purchase scheme.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 8. Interest payable

	2015 £'000	2014 £'000
On long term loans	3,296	2,999

### 9. One-off expenses

	2015 £'000	2014 £'000
Redundancy and re-organisation costs	1,607	1,176
Digital investment costs	179	311
	<u>1,786</u>	<u>1,487</u>

Redundancy and re-organisation costs relate to redundancies across the Group, office moves and other consultancy fees.

### 10. Taxation

	2015 £'000	2014 £'000
UK corporation tax charge for the year	-	-
Adjustment in respect of previous periods	(35)	-
Foreign tax suffered	(1)	-
Total current tax charge	<u>(36)</u>	<u>-</u>
Origination and reversal of timing differences	2,647	(251)
Effect of changes in tax	(64)	-
Total deferred tax	<u>2,583</u>	<u>(251)</u>
Total UK corporation tax	<u>2,547</u>	<u>(251)</u>

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 10 Taxation (continued)

#### a) Current tax

The tax charge for the period differs from the standard rate of corporation tax in the UK of 20.5%

The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(10,354)	(19,418)
Tax on profit from ordinary activities at standard rate of 20.5% (2014: 22%)	2,122	4,272
Factors affecting charge for the year:		
Depreciation in excess of capital allowances	1	55
Short term timing differences	19	(5)
Expenses not deductible for tax purposes	(1,078)	(1,151)
Utilisation of tax losses / (unutilised tax losses)	(1,064)	(3,171)
Higher rate tax on overseas earnings	(1)	-
Adjustments to tax charge in respect of previous periods (RDEC)	(35)	-
Total current tax charge	<u>(36)</u>	<u>-</u>

#### b) Deferred tax

In the Directors' opinion Evening Standard Limited is more likely than not to generate sufficient taxable profits to recover £3,500,000 of its potential £8,231,522 deferred tax asset in respect of brought forward tax losses. In addition, an asset of £2,747 has been recognised in ES London Limited in respect of trading losses carried forward resulting in a total recognised asset of £3,502,747. This leaves a total unrecognised potential deferred tax asset of £19,730,902 in relation to the Group's unutilised tax losses, fixed asset movements and other short term timing differences. This asset remains unrecognised because while the Group's ability to utilise its losses is improving, the Directors' do not yet consider the Group to be more likely than not to recover all of these assets.



# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 11. Intangible fixed assets

Group	TV Programs £'000	Trade- marks £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
At 28 September 2014	3,690	2,000	3,623	9,313
Additions	1,423	-	-	1,423
At 27 September 2015	5,113	2,000	3,623	10,736
<b>Amortisation</b>				
At 28 September 2014	2,708	2,000	3,623	8,331
Charge for the year	1,278	-	-	1,278
At 27 September 2015	3,986	2,000	3,623	9,609
<b>Impairment</b>				
At 28 September 2014	693	-	-	693
Charge for the year	-	-	-	-
At 27 September 2015	693	-	-	693
<b>Net book value</b>				
At 27 September 2015	434	-	-	434
At 28 September 2014	289	-	-	289

The impairment to net realisable value in the prior year takes into consideration historical performance; estimated discounted future cash flows; when the programmes were scheduled for transmission and the contracted sales price and estimated costs for completion for those programmes still in production.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 12. Tangible fixed assets

Group	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 28 September 2014	478	1,006	1,484
Additions	70	-	70
Disposals	(4)	-	(4)
At 27 September 2015	544	1,006	1,550
<b>Depreciation</b>			
At 28 September 2014	256	420	676
Charge for the year	116	361	477
At 27 September 2015	372	781	1,153
<b>Net book value</b>			
At 27 September 2015	172	225	397
At 28 September 2014	222	586	808

Included within furniture and fittings are assets held under finance leases with a net book value of £125,000 (2014: £419,000).

### 13. Fixed asset investments

Company	Investments in subsidiary companies £'000
<b>Cost</b>	
At 28 September 2014 and 27 September 2015	5,603
<b>Provisions for impairment</b>	
At 28 September 2014 and 27 September 2015	5,603
<b>Net book value</b>	
At 28 September 2014 and 27 September 2015	-

In the opinion of the directors, the values of subsidiary companies are not less than their book values.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 13. Fixed asset investments (continued)

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

Company name	Country	Percentage shareholding	Description
Independent Print Limited	England and Wales	100% Ordinary	Publishing of newspapers
ESTV Limited	England and Wales	100% Ordinary	TV Broadcasting
Evening Standard Limited	England and Wales	65.2% Ordinary*	Publishing of newspapers

\* The Company owns 70.1% of the 1,000 ordinary voting shares issued by Evening Standard Limited. It does not own any of the 75 ordinary non-voting shares issued by Evening Standard Limited.

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

### 14. Stocks

	Group		Company	
	27-Sep 2015 £'000	28-Sep 2014 £'000	27-Sep 2015 £'000	28-Sep 2014 £'000
Raw materials and consumables	526	72	-	-

### 15. Debtors

	Group		Company	
	27-Sep 2015 £'000	28-Sep 2014 £'000	27-Sep 2015 £'000	28-Sep 2014 £'000
Trade debtors	21,769	22,244	-	-
Deferred tax	3,490	920	-	-
Other debtors	1,834	1,068	-	-
Prepayments and accrued income	7,197	4,641	-	-
	34,290	28,873	-	-

Included in prepayments is £1,037,000 prepaid for IT services to be rendered by Associated Newspapers Limited and which is expensed evenly over the contract period which expires on 28 February 2017.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 16. Creditors: amounts falling due within one year

	Group		Company	
	27-Sep 2015 £'000	28-Sep 2014 £'000	27-Sep 2015 £'000	28-Sep 2014 £'000
Trade creditors	4,959	9,341	-	-
Social security and other taxes	2,405	3,239	-	-
Loans and accrued interest	67,962	48,482	6,426	5,991
Other creditors	50	359	12	13
Accruals and deferred income	12,044	7,807	8	19
	<b>87,420</b>	<b>69,228</b>	<b>6,446</b>	<b>6,023</b>

The Company has a loan of £4,019,101 (2014: £4,019,101) due to a company connected to Mr A Lebedev, plus accrued interest of £2,390,862 (2014: £1,971,519), which is repayable on demand, depending on the availability of cash in the Company. Interest is charged at a fixed rate of 7% per annum. In addition, there are loans made to the Group of £44,700,000 (2014: £36,700,000), which are also technically due on demand, plus accrued interest of £9,353,169 (2014: £5,791,603) charged at a fixed rate of 5% per annum.

Loans made to the Group of £5,500,000 (2014: £nil) are interest free and repayable in full on 31 December 2020.

Loans made to the Group of £1,999,000 (2014: £nil) are interest free and repayable in 2016.

The lenders have confirmed that they will not require repayment of any of these loans within 12 months from the date of approval of these financial statements.

### 17. Creditors: amounts falling due after more than one year

	Group		Company	
	27-Sep 2015 £'000	28-Sep 2014 £'000	27-Sep 2015 £'000	28-Sep 2014 £'000
Finance Leases between 1 and 2 years	48	419	-	-
Loans	77,402	81,586	-	-
	<b>77,450</b>	<b>82,005</b>	<b>-</b>	<b>-</b>

Loans made to the Group of £46,650,000 (2014: £50,150,000) are interest free and repayable in full on 31 December 2020.

Loans made to the Group of £18,000,000 (2014: £13,999,999) are interest free and repayable in 2017 and 2018.

Loans made to the Group of £14,751,795 (2014: £16,437,192) bear interest at a fixed rate of 5% per annum and are repayable at various dates after September 2016 and in 2017 and 2018.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 18. Provisions

Group	Liabel £'000	Contract discounts £'000	Total £'000
At 28 September 2014	120	12,643	12,763
Charged during year	1,325	12,446	13,771
Released during year	(70)	-	(70)
Utilised during year	(10)	(9,929)	(9,939)
At 27 September 2015	1,365	15,160	16,525

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. The Company itself has no provisions.

### 19. Share capital

	27-Sep 2015 £'000	28-Sep 2014 £'000
<b>Allotted, called up and fully paid</b>		
1,590,000 ordinary shares of £1 each	1,590	1,590

### 20. Reserves

Group	Profit and loss account £'000
At 28 September 2014	(109,423)
Loss for the year	(9,878)
At 27 September 2015	(119,301)
<b>Company</b>	
At 28 September 2014	(7,613)
Loss for the year	(423)
At 27 September 2015	(8,036)

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 21. Minority interests

	£'000
<b>Equity</b>	
At 28 September 2014	(14,662)
Proportion of profit after taxation for the year	2,070
At 27 September 2015	<u>(12,592)</u>

### 22. Net cash outflow from operating activities

	2015 £'000	2014 £'000
Operating loss	(7,097)	(16,443)
Depreciation of tangible fixed assets	477	313
Amortisation of intangible fixed assets	1,278	2,708
Impairment of intangible fixed assets	-	693
(Increase) / decrease in stocks	(454)	12
(Increase) / decrease in debtors	(2,870)	2,755
Decrease in creditors	(1,659)	(3,061)
Increase in provisions	3,762	2,385
<b>Net cash outflow from operating activities</b>	<u>(6,563)</u>	<u>(10,638)</u>

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 23. Analysis of cash flows for headings netted in cash flow statement

	2015 £'000	2014 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	38	24
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>38</u>	<u>24</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(70)	(895)
Purchase of intangible fixed assets	(1,423)	(3,690)
Disposal of tangible fixed assets	4	-
<b>Net cash outflow from capital expenditure</b>	<u>(1,489)</u>	<u>(4,585)</u>
<b>Financing</b>		
Other new loans	13,815	17,937
Repayment of loans and interest	(1,815)	(2,437)
	<u>12,000</u>	<u>15,500</u>

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

### 24. Analysis of changes in net debt

	28-Sep-14 £'000	Reclassified £'000	Cash flow £'000	27-Sep-15 £'000
Cash at bank and in hand	11,459	-	3,986	15,445
Debts falling due within one year	(40,719)	(16,999)	1,500	(56,218)
Debts falling due after more than one year	(80,586)	16,999	(13,815)	(77,402)
<b>Net debt</b>	<u>(109,846)</u>	<u>-</u>	<u>(8,329)</u>	<u>(118,175)</u>

### 25. Contingent liabilities

At 27 September 2015, the Group had no contingent liabilities.

#### Company

During the year Lebedev Holdings Limited acted as guarantor for any amounts due under the printing agreement between Independent Print Limited and Trinity Mirror Printing Limited. Independent Print Limited is a subsidiary of Lebedev Holdings Limited. At 27 September 2015, Trinity Mirror Printing Limited was owed £651,000 (2014: £2,160,000) by Independent Print Limited.

# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 26. Pension commitments

The Group operates defined contribution pension schemes and contributes to personal pension schemes of employees under which contributions are paid by the employer. The pension charge for the year was £1,126,657 (2014: £1,165,000). The amount owing in respect of pension funds at 27 September 2015 is £182,189 (2014: £197,000), included within accruals and deferred income.

### 27. Operating lease commitments

At 27 September 2015 the Group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	27-Sep 2015 £'000	28-Sep 2014 £'000	27-Sep 2015 £'000	28-Sep 2014 £'000
<b>Expiry date:</b>				
Within one year	-	94	69	-
Between two and five years	1,071	1,071	421	539
After more than five years	-	-	-	-

### 28. Share options

#### Group

Evening Standard Limited has granted 35 equity settled share options with a 10 year life to certain key management personnel at an exercise price of £8,300 per share. Given the history of losses, current debt levels and ownership structure, management believes that these options have a fair value of £nil and hence no charge has been recorded in the financial statements.

### 29. Related party transactions

#### Group

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

During the year, the Group received interest bearing loans of £7,815,000 (2014: £5,937,132) and interest free loans of £6,000,000 (2014: £12,000,000) from Mr Alexander Lebedev and Mr Evgeny Lebedev and companies in which they have an interest. During the year, the Group repaid loans of £1,500,000 (2014: £2,000,000) plus interest of £314,383 (2014: £437,132) to Mr Alexander Lebedev and companies in which he has an interest. The amount due to Mr Alexander Lebedev and Mr Evgeny Lebedev and companies in which they have an interest at 27 September 2015 was £126,466,394 (2014: £104,798,842) plus interest payable of £9,353,169 (2014: £6,790,763). At 27 September 2015, interest is payable at 5% per annum on £59,451,575 of the loans and the remaining £57,661,650 are interest free.

The amount due to Daily Mail and General Holdings Limited, a shareholder in Evening Standard Limited, at 27 September 2015 was £12,487,350 (2014: £12,487,350). No interest is payable on these loans.



# Lebedev Holdings Limited

## Notes to the accounts Year ended 27 September 2015

### 29. Related party transactions (continued)

The Group sold the digital business of The Independent to Independent Digital News and Media Limited in 2010. Under the terms of the Services agreement signed between Independent Print Limited and Independent Digital News and Media Limited, following the transfer of business, each company continued to provide its own Editorial content to the other free of charge. The majority of direct and administrative staff of the digital business continue to be employed by the Group's subsidiaries and their cost recharged monthly. The total staff costs recharged during the year amounted to £4,049,643 (2014: £3,322,458). Additionally, overheads amounting to £812,526 (2014: £802,019) were also recharged to and purchases of £637,352 (2014: £558,833) were made from Independent Digital News and Media Limited during the year. At the balance sheet date, the Group was owed £701,713 (2014: £313,943) by Independent Digital News and Media Limited, included in other debtors. Independent Digital News and Media Limited is controlled by Mr Evgeny Lebedev, a Director of the Company.

The Group provides and receives various services to and from subsidiaries of Daily Mail and General Holdings Limited. During the year, the Group received revenue of £11,574,348 (2014: £10,340,971) in relation to advertising sales and was recharged costs of £9,957,090 (2014: £7,748,340) by Associated Newspapers Limited, whilst the net amount due in respect of these services on 27 September 2015 was £1,917,862 (2014: £1,432,847). During the year, the Group received revenue of £50,785 (2014: £28,225) in relation to advertising sales from Associated Northcliffe Digital Limited and the net amount owed to the Group in respect of these services on 27 September 2015 was £3,939 (2014: £nil).

The Company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with companies in which it has 100% ownership.

#### Company

On 27 September 2015 the loan due from the Company to Hawk Investment Fund Limited, a company in which Mr Alexander Lebedev has an interest, was £4,019,101 (2014: £4,019,101).

Interest is payable at 7% per annum on the above loan from Hawk Investment Fund Limited. The interest charge for the year was £419,343 (2014: £391,910) and the interest owed included within long term creditors was £2,390,862 (2014: £1,971,519).

At 27 September 2015, Mr Evgeny Lebedev, a Director of the Company, was owed £12,405 (2014: £12,405) by the Company.

### 30. Controlling party

The ultimate controlling party is Mr Evgeny Lebedev, who owns 100% of the shares of the Company.

### 31. Post balance sheet events

On 12 February 2016 Independent Print Ltd agreed to sell the i newspaper to Johnston Press plc, subject to their shareholders' approval, for a total consideration of £24m. On the same date, Independent Print Ltd also announced that it would cease publishing The Independent on Sunday and The Independent in print form on 20 March and 26 March 2016 respectively. Following on from these announcements the Company began TUPE consultation with the relevant members of staff and consulted more widely with its employees in order to find employment for as many of them as possible at other Group companies and at the connected company, Independent Digital News and Media Ltd, the publisher of independent.co.uk. Regrettably, the staff who were not found alternative employment during this consultation period were made redundant.

Following the purchaser's shareholder approval being granted, the sale of i was completed on 10 April 2016, and the Independent Print Ltd ceased publishing newspapers in print format from that date onwards. As a part of the sale of i, the Independent Print Ltd entered into a three year content syndication deal with the purchaser and it will continue to generate syndication revenues from its archive for the foreseeable future.