

Company Registration No. 06764905

Lebedev Holdings Limited

Report and Financial Statements

29 September 2013



Lebedev Holdings Limited

Report and financial statements 2013

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Lebedev Holdings Limited

Report and financial statements 2013

Officers and professional advisers

Directors

E Lebedev
A Lebedev
J D E Byam Shaw
A O Mullins

Secretary

M Malhotra

Registered Office

2 Derry Street
London
W8 5HF

Bankers

EFG Private Bank Limited
Leconfield House
Curzon Street
London
W1J 5JB

Auditor

Deloitte LLP
London UK

Lebedev Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 29 September 2013. The Company makes up its accounts to the Sunday nearest to 30 September.

Principal activities

The principal activity of the Company continued to be that of a holding company. The principal activity of the Group for the year to 29 September 2013 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 new London TV channel called London Live, which commenced broadcasting on 31 March 2014. The analyses of turnover and operating loss for the year ended 29 September 2013 are included as notes 2 and 4 to the financial statements.

Review of business and future developments

The London Evening Standard is a quality weekday newspaper that is distributed for free throughout Greater London and published by the Company's subsidiary, Evening Standard Limited. It has recorded an increase in operating profits compared to the previous year, which was the first profitable year for the newspaper since 2001 (when under previous ownership). This increased profitability has been achieved despite the loss of the one-off benefit to turnover arising from significant events in 2012 such as the Olympic Games and Queen's Jubilee and consolidates the remarkable turnaround since the conversion of the London Evening Standard to a free newspaper in October 2009.

The continuing delivery of a large, high quality audience to advertisers has helped ensure that there were only relatively modest declines in display and classified advertising revenues, despite the challenging trading conditions experienced throughout the year and the absence of significant one-off events experienced in 2012. Homes & Property, the free property supplement published every Wednesday, and ES Magazine, the free glossy magazine published every Friday, both increased their profitability despite operating in difficult and competitive markets. Digital revenues from the newspaper's companion website, standard.co.uk, showed strong year on year growth following the investment made in the previous year to re-design and improve the functionality of the site.

During the year, there was a review of London Evening Standard's distribution operations. The review concluded with a decision to maintain an in-house distribution capability but at a lower and market tested cost. The consequent restructuring led to a new distribution hub being set up in Greenwich, London and a new fleet of vans being leased to ensure maximum efficiency.

Since the end of the year, the distribution of London Evening Standard has been increased from 700,000 to 900,000 copies per day and now covers a wider geographical area in order to ensure that the newspaper will be available across all 32 boroughs of London. The increased distribution began in January 2014 and was timed to coincide with the Group's launch of London Live in March 2014.

The Company's fully owned subsidiary Independent Print Limited, which publishes The Independent, The Independent on Sunday and *i*, recorded a significant reduction in its operating losses in the year. The concise, quality newspaper title called *i*, which was launched in 2010 and publishes on Monday to Saturday, has continued to grow its circulation steadily over the last twelve months in contrast to the declines experienced by other quality newspapers in the UK. The continuing success of *i*, combined with cover price increases on The Independent and Independent on Sunday, has helped to ensure there were only relatively modest declines in circulation and display advertising revenues, despite the continuing competitive nature of the national newspaper market and the challenging trading conditions experienced throughout the year.

During the year, Independent Print Limited's editorial teams were restructured to create more efficient seven day publishing across the week for its print titles. New Editors were appointed to all three of its newspapers during the year to inject fresh energy and ideas for readers. Following an editorial review led by Amol Rajan, The Independent was re-designed in November 2013, incorporating a switch to a vertical masthead on its front page. Since the end of the year, the Group's editorial teams have been further merged in order to deliver enhanced coverage and to enable publishing of content across multi-media platforms in print, digital and TV.

In addition, the Group's newspaper publishers were able to deliver significant cost savings by re-negotiating print contracts, a softening in newsprint prices and maximising the benefits from combining with other group companies where appropriate.

Lebedev Holdings Limited

Directors' report (continued)

Review of business and future developments (continued)

The Company's fully owned subsidiary ESTV Limited successfully bid for the new London L-DTPS licence, which was awarded by Ofcom on 4 February 2013. The licence was formally granted on 31 January 2014, is valid until 25 November 2025 and allows ESTV to broadcast a TV channel to Londoners via Freeview channel 8, Sky channel 117 and Virgin channel 159. The licence commitments are based on delivering 18 hours of London based content per day and 5.5 hours of news and current affairs per day. ESTV launched the free to air channel named London Live on 31 March 2014 and offers its service to Londoners across linear and non-linear platforms.

Content has been acquired and commissioned to deliver the channel's licence obligations and will cover a range of areas such as entertainment, factual, lifestyle, comedy, drama and events. All content will encourage audience interactivity via social media and user generated content. A management team with extensive TV experience has been installed to launch and run the channel and the team has recruited approximately 60 staff. London Live will benefit from the editorial resources employed on London Evening Standard and The Independent, as well as receiving promotional support from those newspapers.

The commercial sales operation for London Live is being provided by the Group's commercial department that serves the print and digital brands published by fellow subsidiaries such as the London Evening Standard, i and The Independent. The key revenue streams being targeted are the sale of airtime, programme sponsorship, advertiser funded programming and product placement, together with digital revenue opportunities arising from the launch of the companion website, londonlive.co.uk. Additional TV expertise has been recruited into the commercial department and it is anticipated that there will be significant demand from advertisers for media packages across the various platforms owned by the Group.

ESTV is also utilising other Group support functions such as finance and human resource departments. Two fully operational studios, including galleries, master control rooms and edit facilities have been built in the Group's offices. Technology suppliers have been identified to provide outsourced broadcast services including play-out, transcoding, WAN, LAN, cloud services, multiplexing, satellite uplink, scheduling, graphics, newsroom services, media asset management and on-going desktop and remote support.

Outlook

The Group will continue to support its portfolio of newspaper titles in order to build on their improved position within the UK newspaper market and deliver a quality audience attractive to advertisers. There has been positive feedback from the major advertising agencies to the schedule of London Live and the quality of programming it has acquired to date. 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. The ability to maximise the benefits of partnership of the established brands with the newly launched London Live, allied with continuing investment in the commercial department and digital operations, should allow the Group to target and deliver an improved financial position in the future.

Results and dividends

The Group loss after taxation for the financial year amounted to £14,087,000 (2012: loss £19,481,000). In light of the losses, no dividend is to be declared (2012: £nil). As described in note 1, the Group relies on the continued support of its shareholder lenders in order to continue to trade, about which there is inherent uncertainty.

Lebedev Holdings Limited

Directors' report (continued)

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 Company's shareholder and lenders have expressed their willingness to continue supporting the Company 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 the Company 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. A skilled and experienced team has been installed to deliver a clearly defined target audience and all content acquisitions and commissions are appraised against strictly defined return on investment criteria. In addition, the channel will be extensively cross promoted by other Group brands, most notably the London Evening Standard, which increased its distribution of free newspapers in January 2014 to increase readership and extend its availability to all 32 London boroughs.

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 businesses. 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.

Legal and regulatory

The Company's subsidiaries are part of an industry that currently operates through a system of self-regulation by The Press Complaints Commission. The parliamentary inquiry led by Lord Justice Leveson to review media practices has published its findings and report during the year and the current system will be replaced by a new regulatory framework. The new framework is being debated and consequently, there is a risk that parliament may place further restrictions on the activities of the press that could adversely affect future operations of the industry. The subsidiaries of the Group ensure their employees are made aware of their obligations to operate ethically and entirely within the law. This is reinforced through a rigorous and strictly enforced Code of Conduct that has been issued to all staff employed by the Group.

In addition, the business is subject to various legislations and regulations, including the Bribery Act, health and safety, Data Protection and employment law as well as more specific regulations such as those from the Office of Fair Trading and the Audit Bureau of Circulation. Changes to, or breaches of, this 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 intranets. Controls are also in place surrounding compliance with the ABC's regulations and those of other regulatory bodies.

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Directors' report (continued)

Risks and uncertainties (continued)

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 and 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. Declining newspaper circulations can lessen the importance of newspapers to retailers, which could potentially result in less prominent positioning in stores, as well as a risk of not being stocked in extreme cases. The structural change in advertising markets resulting in significant advertising moving away from printed products to digital platforms has affected our results but provides future opportunities.

Credit risk

The Company's subsidiaries are exposed to credit risk as their 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, which was further enhanced during the year when the Group leased new office premises in Hammersmith, London.

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 Company's 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. This is inherently an area which could significantly impact the Group's reputation if a promotion was found to be conducted inappropriately. Controls are in place to ensure that competitions and promotions are closely reviewed and monitored both before they begin and whilst they are in progress.

Directors

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

E Lebedev

A Lebedev

J D E Byam Shaw – appointed 5 September 2013

A O Mullins – appointed 5 September 2013

Charitable and political contributions

During the year, the Group made charitable donations of £21,577 (2012: £58,011).

Lebedev Holdings Limited

Directors' report (continued)

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. Following the launch of London Live, ESTV Limited will also use key performance indicators such as audience ratings and 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.

Policy and practice on the payment of creditors

The Group's policy on supplier payments is to agree to terms of payment at the time of placing an order for goods or services. Unless different terms have been negotiated at the outset, the normal payment terms of the supplier will be accepted. The Group makes every effort to abide by the terms agreed with each supplier.

Auditor

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

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

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

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
Secretary

3 June 2014

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 29 September 2013 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 32. 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 29 September 2013 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 £14,087,000 during the year ended 29 September 2013 and at that date it had net liabilities of £102,826,000. The Company incurred a loss of £375,000 during the year ended 29 September 2013 and at that date it had net liabilities of £5,625,000. 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 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.



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

3 June 2014

Lebedev Holdings Limited

Consolidated profit and loss account Year ended 29 September 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|--|-------|-----------------|-----------------|
| Turnover | 1, 2 | <u>114,182</u> | <u>116,488</u> |
| Trading loss | | (8,217) | (15,714) |
| One-off items (net) | 9 | (3,425) | (1,838) |
| Operating loss | 4 | (11,642) | (17,552) |
| Interest receivable and similar income | | 14 | 12 |
| Interest payable and similar charges | 8 | (2,610) | (1,909) |
| Loss on ordinary activities before taxation | | (14,238) | (19,449) |
| Tax on loss on ordinary activities | 10 | <u>1,171</u> | <u>-</u> |
| Loss on ordinary activities after taxation | | (13,067) | (19,449) |
| Minority interests | | <u>(1,020)</u> | <u>(32)</u> |
| Retained loss for the financial year | 20 | <u>(14,087)</u> | <u>(19,481)</u> |

All amounts relate to continuing operations.

There were no gains or losses for 2013 or 2012 other than the loss for the year and consequently no statement of total recognised gains and losses is presented.

The notes on pages 15 to 29 form part of these financial statements.

Lebedev Holdings Limited

Consolidated balance sheet 29 September 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|--|-------|------------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 11 | - | - |
| Tangible assets | 12 | 226 | 294 |
| | | <u>226</u> | <u>294</u> |
| Current assets | | | |
| Stocks | 14 | 84 | 100 |
| Debtors | 15 | 31,879 | 28,621 |
| Cash at bank and in hand | | 11,158 | 6,810 |
| | | <u>43,121</u> | <u>35,531</u> |
| Creditors: amounts falling due within one year | 16 | (54,939) | (30,600) |
| Net current (liabilities)/assets | | <u>(11,818)</u> | <u>4,931</u> |
| Total assets less current liabilities | | (11,592) | 5,225 |
| Creditors: amounts falling due after more than one year | 17 | (80,856) | (86,207) |
| Provisions for liabilities | 18 | (10,378) | (8,777) |
| Net liabilities | | <u>(102,826)</u> | <u>(89,759)</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,590 | 1,590 |
| Profit and loss account | 20 | (89,460) | (75,373) |
| Total equity shareholders' deficit | | <u>(87,870)</u> | <u>(73,783)</u> |
| Minority interests | 21 | (14,956) | (15,976) |
| | | <u>(102,826)</u> | <u>(89,759)</u> |

The notes on pages 15 to 29 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 3 June 2014.

Signed on behalf of the Board of Directors



A O Mullins
Director

Lebedev Holdings Limited

Company balance sheet 29 September 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 13 | - | - |
| Current assets | | | |
| Cash at bank | | - | - |
| Creditors: amounts falling due within one year | 16 | (5,625) | (5,250) |
| Net current liabilities | | (5,625) | (5,250) |
| Total assets less current liabilities | | (5,625) | (5,250) |
| Creditors: amounts falling due After more than one year | 17 | - | - |
| Net liabilities | | (5,625) | (5,250) |
| Capital and reserves | | | |
| Called up share capital | 19 | 1,590 | 1,590 |
| Profit and loss account | 20 | (7,215) | (6,840) |
| Total equity shareholders' deficit | | (5,625) | (5,250) |

The notes on pages 15 to 29 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 3 June 2014.

Signed on behalf of the Board of Directors



A O Mullins
Director

Lebedev Holdings Limited

Consolidated cash flow statement Year ended 29 September 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|----------------|-----------------|
| Net cash outflow from operating activities | 22 | (8,163) | (24,821) |
| Returns on investments and servicing of finance | 23 | 14 | 12 |
| Capital expenditure and financial investment | 23 | (9) | (75) |
| Cash outflow before financing | | (8,158) | (24,884) |
| Financing | 23 | 12,506 | 22,600 |
| Increase/(decrease) in cash in the year | | 4,348 | (2,284) |

Lebedev Holdings Limited

Reconciliation of movement in shareholders' deficit Year ended 29 September 2013

| | 29 September 2013 £'000 | 30 September 2012 £'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Group | | |
| Opening shareholders' deficit | (73,783) | (54,302) |
| Loss for the year | (14,087) | (19,481) |
| Closing shareholders' deficit | <u>(87,870)</u> | <u>(73,783)</u> |

| | 29 September 2013 £'000 | 30 September 2012 £'000 |
|-------------------------------|-------------------------------|-------------------------------|
| Company | | |
| Opening shareholders' deficit | (5,250) | (4,902) |
| Loss for the year | (375) | (348) |
| Closing shareholders' deficit | <u>(5,625)</u> | <u>(5,250)</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 £375,021 (2012: £348,000).

Lebedev Holdings Limited

Notes to the accounts **Year ended 29 September 2013**

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 £14,087,000 during the year ended 29 September 2013 and at that date it had net liabilities of £102,826,000. The Company incurred a loss of £375,021 during the year ended 29 September 2013 and at that date it had net liabilities of £5,625,000. The Company and the Group require significant further funding and meets its 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.

Financial year

The annual financial statements 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 (2012: 52 week period).

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 29 September 2013

1. Accounting policies (continued)

Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

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.

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.

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

2. Turnover

The whole of the turnover is attributable to the publishing of newspapers and magazines and related website activities. Included within turnover is £1,152,852 (2012: £1,700,187) of advertising revenue which was provided in return for goods and services. All turnover arose within the United Kingdom.

3. Other operating income

| | 2013 £'000 | 2012 £'000 |
|------------------------|---------------|---------------|
| Other operating income | 2,706 | 1,901 |

4. Operating loss

The operating loss is stated after charging/(crediting):

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Depreciation of tangible fixed assets | | |
| - owned by the Group | 77 | 85 |
| Release of IT prepayment | 729 | 420 |
| Operating lease rentals | | |
| - plant and machinery | 271 | 507 |
| - other operating leases | 3,769 | 4,424 |
| Difference on foreign exchange | 19 | 33 |
| Profit on disposal of tangible fixed assets | - | (4) |

5. Auditor's remuneration

| | 2013 £'000 | 2012 £'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 | 1 |
| Fees payable to the subsidiary's auditor for the audit of accounts of subsidiary companies | 102 | 88 |
| Fees payable to the subsidiary's auditor for taxation compliance services of subsidiary companies | 19 | 22 |
| Fees payable to the subsidiary's auditor for taxation due diligence services of subsidiary companies | 7 | - |
| Fees payable to the subsidiary's auditor for consultancy services of subsidiary companies | - | 86 |

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

6. Staff costs

Staff costs were as follows:

| | 2013 £'000 | 2012 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 31,436 | 32,062 |
| Social security costs | 3,743 | 3,857 |
| Other pension costs | 1,163 | 1,236 |
| | <u>36,342</u> | <u>37,155</u> |

Staff costs exclude redundancy costs included in note 9.

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

| | 2013 No. | 2012 No. |
|----------------------|-------------|-------------|
| TV Broadcasting | 6 | - |
| Newspaper publishing | 563 | 560 |
| | <u>569</u> | <u>560</u> |

7. Directors' emoluments

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Directors' emoluments were as follows: | | |
| Emoluments | 774 | 738 |
| Company contributions to money purchase schemes | 69 | 89 |
| | <u>843</u> | <u>827</u> |

Highest Paid Director

| | | |
|---|------------|------------|
| Emoluments | 714 | 678 |
| Company contributions to money purchase schemes | 69 | 89 |
| | <u>783</u> | <u>767</u> |

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

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

8. Interest payable

| | 2013 £'000 | 2012 £'000 |
|----------------|---------------|---------------|
| On other loans | 2,610 | 1,909 |

9. One-off expenses/(income)

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------|---------------|---------------|
| Termination of print contract | - | 196 |
| ESTV bid costs | - | 167 |
| Redundancy and re-organisation costs | 3,405 | 1,320 |
| Digital investment costs | 20 | 274 |
| Prior period provision release | - | (497) |
| Prior period libel costs | - | 378 |
| | 3,425 | 1,838 |

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

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

10. Taxation

| | 2013 £'000 | 2012 £'000 |
|--|----------------|---------------|
| UK corporation tax charge for the year | - | - |
| Total current tax charge | - | - |
| Deferred tax credit for the year | (1,171) | - |
| Total UK corporation tax | <u>(1,171)</u> | <u>-</u> |

a) Current tax

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 23.5% (2012: 25%). The current tax charge for the period is less than this rate for the reasons set out in the following reconciliation:

| | | |
|---|----------|----------|
| Loss on ordinary activities before taxation | (14,238) | (19,449) |
| Tax on loss from ordinary activities at standard rate of 23.5% (2012: 25%) | 3,346 | 4,862 |
| Factors affecting charge for the year: | | |
| Depreciation in excess of capital allowances | (22) | 25 |
| Short term timing differences | 55 | 18 |
| Expenses not deductible for tax purposes | (1,087) | (790) |
| Tax losses carried forward | (2,292) | (4,115) |
| Total current tax charge | <u>-</u> | <u>-</u> |

b) Deferred tax

As Evening Standard Limited has now started to utilise some of its brought forward tax losses, a deferred tax asset of £1,171,000 has been recognised in the year in relation to some of its remaining unutilised tax losses as in the directors' opinion the subsidiary is more likely than not to generate sufficient taxable profits to recover this portion of those tax losses in the foreseeable future. Due to its ownership structure, Evening Standard Limited is not in the same tax group as the other loss making group entities and therefore can be considered separately to these entities. A potential deferred tax asset of £18,186,000 (2012: £20,011,000) remains unrecognised in relation to the balance of the subsidiary's unutilised tax losses and the unutilised tax losses of the other companies in the Group, in addition to fixed asset movements and other short term timing differences as in the directors' opinion there is currently insufficient evidence to support recognition for all of these timing differences.

Under UK GAAP, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was passed in July 2013 to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014, and to 20% from 1 April 2015.

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

11. Intangible fixed assets

| | Patents £'000 | Goodwill £'000 | Total £'000 |
|---|------------------|-------------------|----------------|
| Group | | | |
| Cost | | | |
| At 1 October 2012 and 29 September 2013 | 2,000 | 3,623 | 5,623 |
| Amortisation | | | |
| At 1 October 2012 and 29 September 2013 | 2,000 | 3,623 | 5,623 |
| Net book value | | | |
| At 1 October 2012 and 29 September 2013 | - | - | - |

12. Tangible fixed assets

| | Plant and machinery £'000 | Fixtures and fittings £'000 | Total £'000 |
|-----------------------|---------------------------------|-----------------------------------|----------------|
| Group | | | |
| Cost | | | |
| At 1 October 2012 | 220 | 360 | 580 |
| Additions | 9 | - | 9 |
| At 29 September 2013 | 229 | 360 | 589 |
| Depreciation | | | |
| At 1 October 2012 | 130 | 156 | 286 |
| Charge for the year | 35 | 42 | 77 |
| At 29 September 2013 | 165 | 198 | 363 |
| Net book value | | | |
| At 29 September 2013 | 64 | 162 | 226 |
| At 1 October 2012 | 90 | 204 | 294 |

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

13. Fixed asset investments

| | Investments in subsidiary companies £'000 |
|---|--|
| Company | |
| Cost | |
| At 1 October 2012 and 29 September 2013 | 5,603 |
| Provisions for impairment | |
| At 1 October 2012 and 29 September 2013 | 5,603 |
| Net book value | |
| At 1 October 2012 and 29 September 2013 | - |

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

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 | |
|-------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 29 September 2013 £'000 | 1 October 2012 £'000 | 29 September 2013 £'000 | 1 October 2012 £'000 |
| Raw materials and consumables | 84 | 100 | - | - |

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

15. Debtors

| | Group | | Company | |
|--------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 29 September 2013 £'000 | 1 October 2012 £'000 | 29 September 2013 £'000 | 1 October 2012 £'000 |
| Trade debtors | 19,820 | 17,671 | - | - |
| Deferred Tax | 1,171 | - | - | - |
| Other debtors | 1,029 | 1,452 | - | - |
| Prepayments and accrued income | 9,859 | 9,498 | - | - |
| | <u>31,879</u> | <u>28,621</u> | <u>-</u> | <u>-</u> |

Included in prepayments is £2.495m 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.

16. Creditors: amounts falling due within one year

| | Group | | Company | |
|---------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 29 September 2013 £'000 | 1 October 2012 £'000 | 29 September 2013 £'000 | 1 October 2012 £'000 |
| Trade creditors | 7,628 | 2,892 | - | - |
| Social security and other taxes | 3,134 | 3,388 | - | - |
| Loans and accrued interest | 30,713 | 10,245 | 5,599 | 5,226 |
| Other creditors | 522 | 373 | 13 | 12 |
| Accruals and deferred income | 12,942 | 13,702 | 13 | 12 |
| | <u>54,939</u> | <u>30,600</u> | <u>5,625</u> | <u>5,250</u> |

The Company has a loan of £4,019,101 due to a company connected to Mr A Lebedev, plus accrued interest of £1,579,609, 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 £22,100,000, which are also technically due on demand, plus accrued interest of £3,014,165 charged at a fixed rate of 5% per annum.

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.

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

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

| | Group | | Company | |
|------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 29 September 2013 £'000 | 1 October 2012 £'000 | 29 September 2013 £'000 | 1 October 2012 £'000 |
| Loans | 79,249 | 84,350 | - | - |
| Accruals and deferred income | 1,607 | 1,857 | - | - |
| | <u>80,856</u> | <u>86,207</u> | <u>-</u> | <u>-</u> |

Loans made to the Group of £50,150,000 are interest free and repayable in full on 31 December 2020. Loans made to the Group of £1,999,000 are interest free and £1,000,000 is repayable in April 2016 and £999,999 is repayable in August 2016.

Loans made to the Group of £27,100,000 bear interest at a fixed rate of 5% per annum and are repayable in 2014, 2015 and 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.

18. Provisions

| Group | Libel £'000 | Contract discounts £'000 | Total £'000 |
|----------------------|----------------|--------------------------------|----------------|
| At 1 October 2012 | 355 | 8,422 | 8,777 |
| Charged during year | 103 | 10,907 | 11,010 |
| Released during year | (139) | - | (139) |
| Utilised during year | (196) | (9,074) | (9,270) |
| At 29 September 2013 | <u>123</u> | <u>10,255</u> | <u>10,378</u> |

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.

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

19. Share capital

| | 29 September 2013 £'000 | 1 October 2012 £'000 |
|--|-------------------------------|----------------------------|
| Authorised, allotted, called up and fully paid 1,590,000 ordinary shares of £1 each | 1,590 | 1,590 |

20. Reserves

| | Profit and loss account £'000 |
|----------------------|--|
| Group | |
| At 1 October 2012 | (75,373) |
| Loss for the year | (14,087) |
| At 29 September 2013 | (89,460) |
| Company | |
| At 1 October 2012 | (6,840) |
| Loss for the year | (375) |
| At 29 September 2013 | (7,215) |

21. Minority interests

| | £'000 |
|--|----------|
| Equity | |
| At 1 October 2012 | (15,976) |
| Proportion of profit after taxation for the year | 1,020 |
| At 29 September 2013 | (14,956) |

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

22. Net cash outflow from operating activities

| | 2013 £'000 | 2012 £'000 |
|---|----------------|-----------------|
| Operating loss | (11,642) | (17,552) |
| Depreciation on tangible fixed assets | 77 | 85 |
| Profit on disposal of tangible fixed assets | - | (4) |
| Decrease/(increase) in stocks | 16 | (63) |
| Increase in debtors | (2,087) | (10,182) |
| Increase/(decrease) in creditors | 3,872 | (552) |
| Increase in provisions | 1,601 | 3,447 |
| Net cash outflow from operating activities | <u>(8,163)</u> | <u>(24,821)</u> |

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

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Returns on investments and servicing of finance | | |
| Interest received | <u>14</u> | <u>12</u> |
| Net cash inflow from returns on investments and servicing of finance | <u>14</u> | <u>12</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (9) | (98) |
| Sale of tangible fixed assets | <u>-</u> | <u>23</u> |
| Net cash outflow from capital expenditure | <u>(9)</u> | <u>(75)</u> |
| Financing | | |
| Other new loans | <u>12,506</u> | <u>22,600</u> |

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

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

24. Analysis of changes in net debt

| | 30 September 2012 £'000 | Reclassified £'000 | Cash flow £'000 | 29 September 2013 £'000 |
|--|-------------------------------|-----------------------|--------------------|-------------------------------|
| Cash at bank and in hand | 6,810 | - | 4,348 | 11,158 |
| Debts falling due within one year | (8,513) | (17,600) | (6) | (26,119) |
| Debts falling due after more than one year | (84,350) | 17,600 | (12,499) | (79,249) |
| Net debt | (86,053) | - | (8,157) | (94,210) |

25. Contingent liabilities

At 29 September 2013, 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 29 September 2013, Trinity Mirror Printing Limited was owed £2,224,337 (2012: £nil) by Independent Print Limited.

26. Capital commitments

At 29 September 2013, the Group and Company had the following capital commitments:

| | Group | | Company | |
|---|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 29 September 2013 £'000 | 1 October 2012 £'000 | 29 September 2013 £'000 | 1 October 2012 £'000 |
| Contracted for but not provided in these financial statements | - | - | - | 638 |

27. 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 £1,161,896 (2012: £1,236,177). The amount owing in respect of pension funds at 29 September 2013 is £149,709 (2012: £226,932).

Lebedev Holdings Limited

Notes to the accounts Year ended 29 September 2013

28. Operating lease commitments

At 29 September 2013 the Group had annual commitments under non-cancellable operating leases as follows:

| Group | Land and buildings | | Other | |
|----------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | 29 September 2013 £'000 | 1 October 2012 £'000 | 29 September 2013 £'000 | 1 October 2012 £'000 |
| Expiry date: | | | | |
| Within one year | - | 1,658 | 1 | 27 |
| Between two and five years | 3,555 | 2,094 | 529 | 55 |
| After more than five years | - | - | - | 130 |

29. Share options

Group

Evening Standard Limited has granted 60 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.

30. Related party transactions

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 £9,500,000 and interest free loans of £1,999,000 from Mr Alexander Lebedev and companies in which he has an interest. The amount due to Mr Alexander Lebedev, and companies in which he has an interest, and Mr Evgeny Lebedev at 29 September 2013 was £88,861,650 (2012: £76,362,650) plus interest payable of £4,621,014 (2012: £2,377,068). At 29 September 2013, interest is payable at 5% per annum on £49,200,000 of the loans and the remaining £39,661,650 are interest free.

During the year, the Group received interest free loans from Daily Mail and General Holdings Limited, a shareholder in Evening Standard Limited, amounting to £nil (2012: £1,494,000). The amount due to Daily Mail and General Holdings Limited at 29 September 2013 was £12,487,350 (2012: £12,487,350). No interest is payable on these loans.

The Group sold the digital business of The Independent to Independent Digital News and Media Limited in 2011. All 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 £3,051,596 (2012: £1,312,516). Additionally, overheads amounting to £461,943 (2012: £449,611) were also recharged to and purchases of £507,181 (2012: £339,283) were made from Independent Digital News and Media Limited during the year. At the balance sheet date, the Group was owed £958,491 (2012: £826,323) 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.

Lebedev Holdings Limited

Notes to the accounts

Year ended 29 September 2013

30. Related party transactions (continued)

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 £9,624,952 (2012: £10,479,889) in relation to advertising sales and was recharged costs of £8,083,912 (2012: £13,161,265) by Associated Newspapers Limited, whilst the net amount due in respect of these services on 29 September 2013 was £348,373 (2012: £1,295,265). During the year, the Group incurred costs of £nil (2012: £5,947,451) from Harmsworth Printing Limited and the net amount due in respect of these services on 29 September 2013 was £nil (2012: £nil). During the year, the Group received revenue of £23,640 (2012: £66,086) in relation to advertising sales from Associated Northcliffe Digital Limited and the net amount owed to the Group in respect of these services on 29 September 2013 was £5,094 (2012: £20,115).

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 29 September 2013 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 (2012: £4,012,501).

Interest is payable at 7% per annum on the above loan from Hawk Investment Fund Limited. The interest charge for the year was £366,136 (2012: £341,886) and the interest owed included within long term creditors was £1,579,609 (2012: £1,213,473).

At 29 September 2013, Mr Evgeny Lebedev, a Director of the Company, was owed £12,405 (2012: £11,405) by the Company.

31. Post balance sheet events

ESTV Limited, a wholly owned subsidiary of the Company, launched a new London TV channel called London Live on 31 March 2014.

32. Controlling party

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