

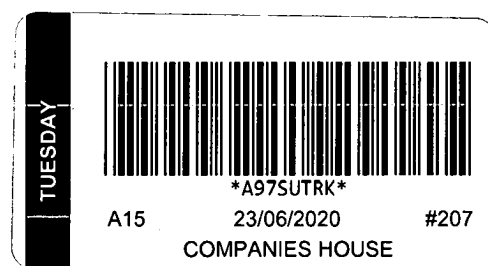
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Company Registration No. 06764905

Lebedev Holdings Limited

Annual Report and Financial Statements

For the 52 weeks ended 29 September 2019



Lebedev Holdings Limited

Annual report and financial statements 2019

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	7
Directors' responsibilities statement	9
Independent auditor's report	10
Consolidated profit and loss account and statement of comprehensive income	13
Consolidated balance sheet	14
Company balance sheet	15
Consolidated cash flow statement	16
Consolidated and Company statement of changes in equity	17
Notes to the financial statements	18

Lebedev Holdings Limited

Annual report and financial statements 2019

Officers and professional advisers

Directors

E Lebedev
M Malhotra
J D E Byam Shaw (resigned 20 December 2018)

Company Secretary

M Malhotra

Registered Office

2 Derry Street
London
W8 5HF

Bankers

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Lebedev Holdings Limited

Strategic report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Lebedev Holdings Limited and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the Company continues to be that of a holding company. The principal activity of the Group for the 52 weeks ended 29 September 2019 was the publishing of newspapers and associated activities and television broadcast. The analyses of turnover and operating loss for the 52 weeks ended 29 September 2019 are included as notes 3 and 4 to the financial statements.

Review of business and future developments

The Group made an operating loss on ordinary activities before tax of £17,171,000 (2018: £18,551,000) and has net liabilities of £34,607,000 (2018: £135,131,000).

The Evening Standard is a quality weekday newspaper that distributes for free throughout Greater London. Evening Standard Limited has recorded turnover of £64m, which was 2% lower than the previous year principally due to a deteriorating market for traditional classified advertising experienced during the financial year. As a result, Evening Standard Limited has recorded an increased operating loss for the year.

Evening Standard Limited's commercial strategy of highlighting the benefits of free newspapers with stable distribution compared to paid-for titles has delivered relatively steady display advertising revenues. In addition, Evening Standard Limited's continuing investment in its digital platforms, standard.co.uk and homesandproperty.co.uk, yielded a 17% year-on-year increase in page views with visitors which helped drive year-on-year growth in digital revenues of 15%. Homes & Property, the free property supplement published every Wednesday, and ES Magazine, the free glossy magazine published every Thursday and Friday, delivered reduced profits in the year due to challenging conditions in their respective markets.

Evening Standard Limited re-located its distribution hub from Greenwich to its print site in Broxbourne in early 2019 to allow for a more efficient logistics operation. In the second half of the year, Evening Standard Limited restructured its editorial team to more fully integrate the print and digital teams and also tightened paginations through improved advertising ratios. These changes resulted in a modest decrease in the total cost base despite the continuing investment in Evening Standard Limited's digital platforms. The full year effect of these cost benefits will be seen in the next financial year. Also during the year, Evening Standard Limited issued additional share capital in order to raise shareholder funding of £10,000,000, details of which are contained in note 12.

On 4 December 2018 Lebedev Holdings Limited sold its shareholding in Independent Print Ltd to Mr Evgeny Lebedev for £78,873. Independent Print Ltd ceased being a member of the Lebedev Holdings Group at that date. The directors have assessed that the profit on sale should be recognised as a capital contribution of £66.9m within other reserves. See note 28 for further details.

Lebedev Holdings Limited

Strategic report (continued)

Review of business and future developments (continued)

The Company's fully owned subsidiary ESTV Limited has completed its fifth full year of trading since the launch of the channel London Live in March 2014 and continued to consolidate its position as London's TV Channel. The results reflect another consecutive year of operating loss improvement despite the revenue challenges generated by a decline in London television viewing since the start of 2019.

An average of 1.9 million adults watched the channel every month making it the 20th most watched channel in London in terms of reach, whilst over 5.0 million adult viewers watched London Live in the last 12 months. Delivery of commercial impacts during the year saw the channel stable as the 40th largest commercial channel in London, whilst market share remained stable at 0.60% and audience figures saw a small decline of 6%.

During the year ESTV Limited restructured its cost base and improved its use of technology to reduce its cost of sale by 28% compared to the prior year. Following this review ESTV Limited now has a stable and sustainable cost base and is positioned to focus on improving audience delivery through content investment.

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. In the face of advertising market headwind, 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.

Evening Standard Limited will continue to seek to improve its position within the newspaper market and deliver a quality audience that is attractive to advertisers and sponsors through its unique print distribution, improving digital platforms and expanding its portfolio of live events. There will be continuing focus on improving Evening Standard Limited's financial performance by improving its net advertising yields, continued cost control, development of key strategic events and investment in new business opportunities where identified.

ESTV Limited operates in a challenging market due to the continuing shift in viewing from linear television to subscription and free video on demand based services resulting in an increasingly competitive environment for traditional broadcasters. Since the end of the year operations continue to do well, with new content acquisitions being made and a renewed drive for greater audience figures over the next financial year. ESTV Limited continues to strive to deliver a quality London based product to its audience whilst pursuing its strategy to diversify revenue where possible.

In the next year, ESTV Limited will also continue to explore opportunities to work with the other local television operators to identify and deliver operational synergies wherever possible. ESTV Limited will also continue to discuss its audience data and viewer feedback with Ofcom to ensure that the channel's licence commitments are framed in the best interests of Londoners.

Lebedev Holdings Limited

Strategic report (continued)

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 measures 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. Management have included above what they consider to be the most significant KPIs. Total revenue, operating margin, and page impressions have been analysed in the review of business section.

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 several years ago 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 Group ensures its staff is made aware of their obligations to operate ethically and entirely within the law. This is reinforced through a rigorous and strictly enforced Code of Conduct that has been issued to all staff of the Group.

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.

Lebedev Holdings Limited

Strategic report (continued)

Legal and regulatory (continued)

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 Conduct and related policies and guidance, the business is subject to all applicable laws and regulations, including those pertaining to defamation, contempt, privacy, anti-bribery, anti-slavery, consumer protection, health and safety, data protection and employment. Additionally, there are specific regulations set out by Audit Bureau of Circulation (ABC) to which the Group must adhere. Changes to, or breaches of, such laws or regulations could adversely affect the future results and reputation of the Group. Staff 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.

Economic conditions

General economic conditions and the financial health of our advertising clients affects the performance of our business. The effects of Brexit have been felt to some degree, but may adversely affect specific categories, for example travel and financial markets, and as a consequence the marketing budgets the Group depends on.

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 outcome of the negotiations surrounding the UK's future trading relationship with Europe may have a further impact on exchange rate fluctuations.

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.

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.

Lebedev Holdings Limited

Strategic report (continued)

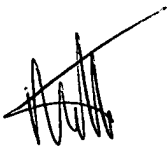
Employees

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

A handwritten signature in black ink, appearing to be 'M Malhotra', with a long horizontal stroke extending to the right.

M Malhotra
Director

20 December 2019

Lebedev Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 September 2019. 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 Directors' report.

Financial risk management and policies

Details of financial risk management and policies can be found in the Strategic Report on page 4 and page 5 and form part of this report by cross-reference.

Future developments

Details of future developments can be found in the Strategic Report on page 2 to page 6 and form part of this report by cross-reference.

Directors

The directors, who served during the year, and up to the date of approval of the financial statements were as follows:

E Lebedev

M Malhotra

J D E Byam Shaw (resigned 20 December 2018)

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 this Strategic report. The Group has recorded an operating loss in the period and requires further funding for the foreseeable future.

As explained further in Note 1, the Group meets its day-to-day working capital requirements through long term loans as and when required. The Group's forecasts and projections show that the Group will continue to make operating losses in the next twelve months and will continue to require additional funding to be made available by Mr Evgeny Lebedev or the shareholders to continue as a going concern. Mr Lebedev and the Group's shareholder have expressed their willingness to continue supporting the Group as and when required. Whilst there are no formal shareholder funding facilities agreed, there is uncertainty as to the continued availability of funding. This creates a material uncertainty, which may cast significant doubt on the Group's ability to remain a going concern.

Nevertheless, 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 £64,013 (2018: £85,988).

Lebedev Holdings Limited

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, including companywide briefings, departmental updates and a special edition for employees of the annual financial statements. (Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.) The Group also regularly gathers feedback from employees via staff surveys, the results of which are used to inform the people strategy.

Auditor

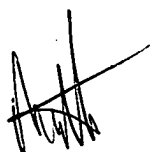
Each of the persons who is a director at the date of approval of this report confirms that:

- 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

20 December 2019

Lebedev Holdings Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Lebedev Holdings Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lebedev Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 29 September 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account and statement of comprehensive income;
- the consolidated balance sheet;
- the Company balance sheet;
- the consolidated cash flow statement;
- the statement of changes in equity; and
- the related notes 1 to 29.

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

Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the group reported an operating loss on ordinary activities before tax £17,171,000 during the 52 weeks ended 29 September 2019 and at that date it had net liabilities of £34,607,000. The company and the group requires continuous financial support from the shareholders but there is no formal funding arrangement in place. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's and the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Lebedev Holdings Limited

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Lebedev Holdings Limited

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

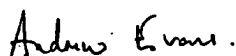
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

20 December 2019

Lebedev Holdings Limited

Consolidated profit and loss account and statement of comprehensive income For the 52 weeks ended 29 September 2019

	Notes	2019 £'000	2018 £'000
Turnover	1, 3	66,465	68,534
Cost of sales		<u>(57,092)</u>	<u>(57,499)</u>
Gross profit		9,373	11,035
Net operating expenses	4	<u>(23,584)</u>	<u>(24,262)</u>
Operating loss		(14,211)	(13,227)
Finance income (net)	8	<u>(2,960)</u>	<u>(5,324)</u>
Loss on ordinary activities before taxation		(17,171)	(18,551)
Tax charge on loss on ordinary activities	9	<u>-</u>	<u>(22)</u>
Loss on ordinary activities after taxation		(17,171)	(18,573)
Minority interests	19	<u>1,220</u>	<u>2,429</u>
Retained loss for the financial year		<u>(15,951)</u>	<u>(16,144)</u>
Total comprehensive loss		<u>(15,951)</u>	<u>(16,144)</u>

All amounts relate to continuing activities. The notes on pages 18 to 39 form part of these financial statements.

Lebedev Holdings Limited

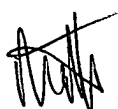
Consolidated balance sheet As at 29 September 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	25	154
Tangible assets	11	1,496	1,439
		<u>1,521</u>	<u>1,593</u>
Current assets			
Stocks	13	258	373
Debtors	14	16,637	17,679
Cash at bank and in hand		9,660	8,652
		<u>26,555</u>	<u>26,704</u>
Creditors: amounts falling due within one year	15	(13,444)	(75,164)
Net current assets/(liabilities)		<u>13,111</u>	<u>(48,460)</u>
Total assets less current liabilities		14,632	(46,867)
Creditors: amounts falling due after more than one year	16	(39,962)	(77,434)
Provisions for liabilities	17	(9,277)	(10,830)
Net liabilities		<u>(34,607)</u>	<u>(135,131)</u>
Capital and reserves			
Called up share capital	18	2,385	1,590
Share premium		22,483	-
Other reserves		134,274	39,855
Retained earnings		(192,106)	(174,220)
Total equity shareholders' deficit		<u>(32,964)</u>	<u>(132,775)</u>
Minority interests	19	(1,643)	(2,356)
		<u>(34,607)</u>	<u>(135,131)</u>

The notes on pages 18 to 39 form part of these financial statements.

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 20 December 2019.

Signed on behalf of the Board of Directors



M Malhotra
Director

Lebedev Holdings Limited

Company balance sheet As at 29 September 2019

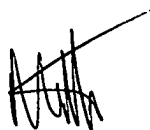
	Notes	2019 £'000	2018 £'000
Fixed assets			
Investments	12	19,146	9,146
Current assets			
Cash at bank		5,575	429
Creditors: amounts falling due within one year	15	(119)	(13,151)
Net current assets/(liabilities)		<u>5,456</u>	<u>(12,723)</u>
Total assets less current liabilities		24,602	(3,577)
Creditors: amounts falling due after more than one year	16	(598)	(4,249)
Net assets/(liabilities)		<u>24,004</u>	<u>(7,826)</u>
Capital and reserves			
Called up share capital	18	2,385	1,590
Share premium		22,483	-
Retained earnings		(10,044)	(9,740)
Other reserves		9,180	324
Total equity shareholders' surplus/(deficit)		<u>24,004</u>	<u>(7,826)</u>

The notes on pages 18 to 39 form part of these financial statements.

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 £304,000 (2018: £757,000).

The financial statements of Lebedev Holdings Limited, registered number 06764905 were approved by the Board of Directors on 20 December 2019.

Signed on behalf of the Board of Directors



M Malhotra
Director

Lebedev Holdings Limited

Consolidated cash flow statement For the 52 weeks ended 29 September 2019

	Notes	2019 £'000	2018 £'000
Net cash outflow from operating activities	20	(19,792)	(6,519)
Cash flows from investing activities			
Returns on investments and servicing of finance	21	23,351	872
Capital expenditure and financial investment	21	(2,200)	(1,439)
Cash outflow before financing activities		1,359	(7,086)
Cash flows from financing activities			
Borrowings	21	(351)	9,573
Increase in cash in the year		1,008	2,487
Cash and cash equivalents at the beginning of the year		8,652	6,165
Cash and cash equivalents at the end of the year		9,660	8,652

Lebedev Holdings Limited

Statement of changes in equity For the 52 weeks ended 29 September 2019

Group	Notes	Share capital £'000	Share premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000	Minority interests £'000	Total £'000
Balance at 01 October 2017		1,590	-	23,543	(146,671)	(121,538)	(14,162)	(135,700)
Loss for the year		-	-	-	(16,143)	(16,143)	(2,429)	(18,572)
Adjustment to minority interest		-	-	-	(11,406)	(11,406)	14,235	2,829
Total comprehensive loss		-	-	-	(27,549)	(27,549)	11,806	(15,743)
Capital contribution on shareholder loans		-	-	16,312	-	16,312	-	16,312
Balance at 30 September 2018		1,590	-	39,855	(174,220)	(132,775)	(2,356)	(135,131)
Loss for the year		-	-	-	(15,951)	(15,951)	(1,220)	(17,171)
Adjustment to minority interest	19	-	-	(1)	(1,935)	(1,936)	1,934	(2)
Total comprehensive loss		-	-	(1)	(17,886)	(17,887)	714	(17,173)
Share issue	18	795	22,483	-	-	23,278	-	23,278
Capital contribution on shareholder loans	16	-	-	27,486	-	27,486	-	27,486
Capital contribution upon disposal of subsidiary	28	-	-	66,934	-	66,934	-	66,934
Balance at 29 September 2019		2,385	22,483	134,274	(192,106)	(32,964)	(1,643)	(34,607)

Company		Share capital £'000	Share premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000
Balance at 01 October 2017		1,590	-	-	(8,983)	(7,393)
Loss for the year		-	-	-	(757)	(757)
Total comprehensive loss		-	-	-	(757)	(757)
Capital contribution on shareholder loans		-	-	324	-	324
Balance at 30 September 2018		1,590	-	324	(9,740)	(7,826)
Loss for the year		-	-	-	(304)	(304)
Total comprehensive income		-	-	-	(304)	(304)
Share issue	18	795	22,483	-	-	23,278
Capital contribution on shareholder loans	16	-	-	8,777	-	8,777
Capital contribution upon disposal of subsidiary	28	-	-	79	-	79
Balance at 29 September 2019		2,385	22,483	9,180	(10,044)	24,004

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

1. Accounting policies

Basis of preparation of financial statements

The Company is a company incorporated in England and Wales under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and the nature of the Company's operations are set out in the strategic report on pages 2 to 6.

The consolidated financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling.

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

Going concern

The Group incurred a loss on ordinary activities before taxation of £17,171,000 during the 52 weeks ended 29 September 2019 and at that date it had net liabilities of £34,607,000. The Company incurred a loss of £304,000 during the 52 weeks ended 29 September 2019 and at that date it had net assets of £24,004,000. The Company and the Group require significant further funding to meet day to day working capital requirements through long term finance provided by Mr Evgeny Lebedev, director of the Company during the year, and companies under his control. Mr Lebedev has continued to provide further finance since the year end to meet the funding requirements of the Company and the Group and has confirmed in writing to the other directors his on-going commitment to provide adequate funding for at least twelve months from the date of approval of these financial statements although no 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 of accounting 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. 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 Mr 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.

In this regard, readers should note that the effect of recording interest free shareholder loans in accordance with FRS 102 is to discount the loan principal at an effective interest rate based on comparable market data, details of which are set out in notes 15 and 16. This results in the carrying value liability being stated at £39,962,000 (2018: £131,967,000) compared to the loan principal outstanding of £66,392,000 (2018: £80,922,000).

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

1. Accounting policies (continued)

Financial year

The results for 2019 represent the 52 weeks from 01 October 2018 to 29 September 2019. The comparative accounts were for the 52 weeks from 02 October 2017 to 30 September 2018.

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. The results of subsidiaries disposed during the period are excluded from the effective date of disposal.

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. The company enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of agency spend over the contract period. Rebates are accrued when they become contractually due. Publishing and circulation revenue is recognised on the issue of the publication. Advertising revenue is recognised on date of broadcast or over the period of the campaign. Digital revenues are recognised on publication for advertising or delivery of service for other digital revenues.

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.

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 bi-annually. Amortisation of programme assets reflects the underlying economics of the asset base. Programme assets are amortised in full on the first run.

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

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

1. Accounting policies (continued)

Financial Instruments (continued)

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

1. Accounting policies (continued)

Financial Instruments (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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.

Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates prevailing at the balance sheet date. All exchange differences are taken to the profit and loss account.

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. Programme assets are amortised in full on the first run and this is included within cost of sales.

Stocks

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

Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

1. Accounting policies (continued)

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.

Related party transactions

The Company has taken advantage of the exemption in Section 33 of FRS 102, not to disclose transactions between wholly-owned members of the group.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, there are no key sources of estimation uncertainty.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Disposal of subsidiary undertaking

On 4 December 2018 the Group sold its shareholding in Independent Print Ltd to Mr Evgeny Lebedev, a controlling director of the company. The directors have assessed that the profit on sale should be recognised as a capital contribution within other reserves due to the transaction being between related parties.

Selection of effective interest rate on shareholder loans

The Group holds interest free shareholder loans and the application of FRS 102 requires the directors to determine an effective interest rate based on an equivalent market rate of similar financial instruments. This involves estimation and the carrying value of the loans could be materially impacted by changes in the effective rate used. Details are set out in notes 15 and 16.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

3. Turnover

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

	2019 £'000	2018 £'000
News Publishing	62,677	63,135
TV Broadcasting	2,443	3,140
Events	1,345	2,259
	<u>66,465</u>	<u>68,534</u>

Included within turnover is £1,286,000 (2018: £486,000) of advertising revenue which was provided in return for goods and services. All turnover arose within the United Kingdom.

4. Operating loss

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

	2019 £'000	2018 £'000
Distribution costs	12,450	12,995
Depreciation of tangible fixed assets	479	441
Programme Amortisation	727	909
Restructuring costs	469	585
Operating lease costs		
- property rental	1,265	393
- motor vehicles	621	530
Other operating costs	12,907	13,602
Total administrative expenses	16,468	16,460
Other operating expense	(5,334)	(5,193)
Net operating expenses	<u>23,584</u>	<u>24,262</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

5. Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	18	15
Fees payable to the Company's auditor for taxation compliance services of the Company	1	1
Fees payable to the subsidiaries' auditor for the audit of accounts of subsidiary companies	85	92
Fees payable to the subsidiaries' auditor for taxation compliance services of subsidiary companies	10	16

6. Staff costs

Staff costs were as follows:

Group	2019 £'000	2018 £'000
Wages and salaries	22,040	22,291
Social security costs	2,669	2,622
Other pension costs (note 23)	1,635	1,349
	26,344	26,262

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

Group	2019 No.	2018 No.
TV Broadcasting	35	58
News Publishing	372	366
Events	6	8
	413	432

The Company did not have any employees in the year (2018: nil).

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

7. Directors' emoluments

	2019 £'000	2018 £'000
Directors' emoluments were as follows:		
Emoluments	444	466
Company contributions to money purchase schemes	-	-
	<u>444</u>	<u>466</u>
Highest paid director		
Emoluments	404	374
Company contributions to money purchase schemes	-	-
	<u>404</u>	<u>374</u>

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

8. Finance income

	2019 £'000	2018 £'000
Interest receivable	73	22
Interest payable on long term loans	<u>(3,033)</u>	<u>(5,345)</u>
	<u>(2,960)</u>	<u>(5,324)</u>

Included in interest payable on long term loans is notional interest of £3,033,000 (2018: £2,365,000) on interest free shareholder loans.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

9. Taxation

	2019 £'000	2018 £'000
Deferred tax:		
Movement on R&D tax credit	-	22
Total deferred tax credit	-	22
Total tax per income statement	-	22

a) Current tax

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £'000	2018 £'000
Loss on ordinary activities before taxation	(17,171)	(18,551)
Tax on profit from ordinary activities at standard rate of 19% (2018: 19%)	(3,262)	(3,525)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	811	1,365
Deferred tax not recognised	2,433	2,182
Income not taxable	18	-
Total current tax credit	-	22

On 1 April 2017 the main rate of UK corporation tax reduced from 20% to 19% and has remained at this level throughout the current financial year. The main rate of UK corporation tax, as outlined in The Finance Bill 2017, reduces to 17% from 19% on 1 April 2020. Deferred tax assets and liabilities have therefore been measured at 17% (2018: 17%) as it is anticipated the timing differences will reverse at this point.

b) Deferred tax

A total potential deferred tax asset of £16,280,000 (2018: £21,662,000) based on a tax rate of 17% in relation to the Group's unutilised tax losses, fixed asset movements and other short term timing differences has not been recognised because 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 financial statements For the 52 weeks ended 29 September 2019

10. Intangible fixed assets

Group	TV Programmes £'000	Trade- marks £'000	Goodwill £'000	Total £'000
Cost				
At 30 September 2018	1,724	2,000	3,623	7,347
Additions	598	-	-	598
Retirements	(1,666)	-	-	(1,666)
At 29 September 2019	656	2,000	3,623	6,279
Amortisation and impairment				
At 30 September 2018	1,570	2,000	3,623	7,193
Amortisation charge for the year	727	-	-	727
Impairment charge for the year	-	-	-	-
Retirements	(1,666)	-	-	(1,666)
At 29 September 2019	631	2,000	3,623	6,254
Net book value				
At 29 September 2019	25	-	-	25
At 30 September 2018	154	-	-	154

Included within Retirements are programming licences which have expired as at 29 September 2019. There is no impact on the net book value of the Group's intangible assets.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

11. Tangible fixed assets

Group	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 30 September 2018	2,527	1,178	3,705
Additions	520	16	536
At 29 September 2019	3,047	1,194	4,241
Depreciation			
At 30 September 2018	1,230	1,036	2,266
Charge for the year	441	38	479
At 29 September 2019	1,671	1,074	2,745
Net book value			
At 29 September 2019	1,376	120	1,496
At 30 September 2018	1,297	142	1,439

12. Fixed asset investments

Company	Investments in subsidiary companies £'000
Cost	
At 30 September 2018	14,749
Addition	10,000
At 29 September 2019	24,749
Provisions for impairment	
At 30 September 2018 and 29 September 2019	(5,603)
Net book value	
At 29 September 2019	19,146
At 30 September 2018	9,146

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

12. 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
ESTV Limited	England and Wales	100% Ordinary	TV Broadcasting
Evening Standard Limited	England and Wales	94.1% Ordinary*	Publishing of newspapers
ES London Limited	England and Wales	65.9% Ordinary	Advertising services and opportunities

*In the year, Evening Standard Limited issued additional share capital in order to raise shareholder funding of £10,000,000. The Company now owns 94.5% (2018 – 89.5%) of the 20,375 (2018 – 10,675) 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.

The registered address of Evening Standard Limited and ES London Limited is Northcliffe House, 2 Derry Street, London, W8 5TT and of ESTV Limited and Independent Print Limited is Northcliffe House, 2 Derry Street, London, W8 5HF.

On 4 December 2018 the Group sold its shareholding in Independent Print Ltd to Mr Evgeny Lebedev, a controlling director of the company. The investment was impaired in previous years.

13. Stocks

	Group		Company	
	29-Sep 2019 £'000	30-Sep 2018 £'000	29-Sep 2019 £'000	30-Sep 2018 £'000
Raw materials and consumables	258	373	-	-

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

14. Debtors

	Group		Company	
	29-Sep	30-Sep	29-Sep	30-Sep
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	10,818	12,012	-	-
Deferred tax	7	8	-	-
Other debtors	743	588	-	-
Prepayments and accrued income	5,069	5,072	-	-
	<u>16,637</u>	<u>17,680</u>	<u>-</u>	<u>-</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	29-Sep	30-Sep	29-Sep	30-Sep
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	2,939	6,347	-	-
Social security and other taxes	1,360	738	-	-
Loans and accrued interest	-	54,533	-	7,852
Other creditors	773	5,472	-	5,012
Accruals and deferred income	8,372	8,074	119	204
Amounts owed to Group undertakings	-	-	-	83
	<u>13,444</u>	<u>75,164</u>	<u>119</u>	<u>13,151</u>

As part of the reorganisation of share capital that occurred on 7 December 2018, the loan amount due from the Company to Hawk Investment Fund Limited, a related party, was moved to Creditors falling due after more than one year. Refer to Note 27 for further details.

On 4 December 2018 Lebedev Holdings Limited sold its shareholding in Independent Print Ltd to Mr Evgeny Lebedev including loans of £46,681,000. Refer to Note 28 for further details.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

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

	Group		Company	
	29-Sep 2019 £'000	30-Sep 2018 £'000	29-Sep 2019 £'000	30-Sep 2018 £'000
Loans	39,962	77,434	598	4,249
	<u>39,962</u>	<u>77,434</u>	<u>598</u>	<u>4,249</u>

Loans made to the Group of £27,820,000 (2018: £25,537,000) are interest free and repayable in full on 31 December 2025. The Directors have assessed the effective interest rate applied to shareholder loans with 9% (2018: 9%) being applied to all shareholder loans based on comparative market data.

Loans made to the Group of £11,544,000 (2018: £27,505,000) are interest free and repayable in 2020, 2021 and 2022. The debt holders of ESTV Ltd signed a loan waiver agreement on 30 November 2018 which reduced the value of the interest free shareholder loans owed by 65.7%. The total cash value of loans owed at 30 September 2018 was £28,699,000 and post 30 November 2018 the total cash value of the loans owed was £10,500,000. Under FRS 102 the Directors have applied a fair value interest rate of 9% (2018: 5%) to all shareholder loans based on comparative market data. Interest free shareholder loans due after one year are stated at present value using the effective interest rate method as required by FRS 102. The impact of these adjustments are recognized in other reserves in the statement of changes in equity. The total principal amount repayable is £13,001,000 (2018: £28,699,000).

Loans made to the Group of £598,000 (2018: £nil) are interest free and repayable in full on 31 December 2045. The Directors have reassessed the effective interest rate applied to shareholder loans with 9% being applied to all shareholder loans based on comparative market data.

Loans made to the Company by Mr E Lebedev on 22 June 2018 and 21 September 2018 totalling £4,249,000 were repaid in the year. These loans were interest free and repayable after a minimum of 13 months' notice.

In the year Lebedev Holdings Limited sold its shareholding in Independent Print Ltd to Mr Evgeny Lebedev including loans of £20,143,000. Refer to Note 28 for further details.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

17. Provisions

Group	Notes	Libel £'000	Contract discounts £'000	Total £'000
At 30 September 2018		1,320	9,510	10,830
Charged during year		138	8,531	8,669
Released during year		(1)	-	(1)
Disposal of investment in subsidiary	28	(660)	(143)	(803)
Utilised during year		(47)	(9,371)	(9,418)
At 29 September 2019		750	8,527	9,277

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. Contract discounts are further explained in Note 1, Turnover.

18. Share capital

	29-Sep 2019 £	30-Sep 2018 £
Allotted, called up and fully paid		
1,590,000 Class A ordinary shares of £1 each	1,590,000	1,590,000
795,000 Class B ordinary shares of £1 each	795,000	-
265,000 Class C shares of £0.001 each	265	-
	<u>2,385,265</u>	<u>1,590,000</u>

On 7 December 2018 the Company reorganised its share capital through a special resolution and entered into a transaction to receive an investment of £25,000,000 through both the issue of share capital and debt. Specifically, the following transactions were completed:

Convert existing ordinary share capital to A Ordinary shares; allot new B Ordinary Shares of £1 each fully paid up to an aggregate nominal amount of £795,000 at any time during the period of 1 year following the passing of the Resolution; allot new C Shares of £0.001 each fully paid up to an aggregate nominal amount of £265 at any time during the period of 1 year following the passing of the Resolution. All shares have equal voting rights. A and B have equal rights to capital and distributions in preference to holders of C shares.

See Note 16 for further details on the debt. The loans are interest free and repayable in full on 31 December 2045. The Directors have reassessed the effective interest rate applied to shareholder loans with 9% being applied to all shareholder loans based on comparative market data.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

19. Minority interests

	£'000
At 01 October 2017	(14,162)
Proportion of loss after taxation for the year	(2,429)
Proportion of equity	14,235
At 30 September 2018	<u>(2,356)</u>
Proportion of loss after taxation for the year	(1,220)
Proportion of equity	1,933
At 29 September 2019	<u>(1,643)</u>

The adjustment to minority interest arises from the £10,000,000 subscription by the Company on 29 April 2019 (see Note 12) for new shares in Evening Standard Limited which has had the effect of reducing the minority shareholder's interest in Evening Standard Limited.

20. Net cash outflow from operating activities

	2019	2018
	£'000	£'000
Operating loss	(14,211)	(13,227)
Depreciation of tangible fixed assets	479	441
Amortisation and impairment of intangible fixed assets	727	914
Decrease/(increase) in stocks	114	(293)
Decrease/(increase) in debtors	976	(1,559)
(Decrease)/increase in creditors	(7,128)	7,234
Decrease in provisions	(749)	(28)
Net cash outflow from operating activities	<u>(19,792)</u>	<u>(6,519)</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

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

	Notes	2019 £'000	2018 £'000
Returns on investments and servicing of finance			
Interest received		73	19
Share issue		23,278	853
Net cash inflow from returns on investments and servicing of finance		23,351	872
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(536)	(786)
Purchase of intangible fixed assets		(598)	(653)
Disposal of investment in subsidiary	28	(1,066)	-
Net cash outflow from capital expenditure		(2,200)	(1,439)
Financing			
Other new loans		4,222	9,573
Repayment of loans and interest		(4,573)	-
Net cash inflow from financing activities		(351)	9,573

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

22. Analysis of changes in net debt

	2018	Disposal of investme nt in subsidiary	Reassign ment of Loan to Long- term	FRS 102 adjustme nt for implied interest	Interest accrued	Debt forgiven	Cash flow	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,652	-	-	-	-	-	1,008	9,660
Debts falling due within one year	(54,533)	46,681	7,852	-	-	-	-	-
Debts falling due after more than one year	(77,434)	20,142	(7,852)	5,169	(2,424)	22,086	351	(39,962)
Net debt	(123,315)	66,823	-	5,169	(2,424)	22,086	1,359	(30,303)

As part of the reorganisation of share capital that occurred on 7 December 2018, there was an agreement to cancel the interest owing on the loan amount due from the Company to Hawk Investment Fund Limited. In addition, the debt holders of ESTV Limited signed a loan waiver agreement on 30 November 2018 which reduced the value of the interest free shareholder loans owed by 65.7%. The net impact is included within Debt forgiven in the table above.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

23. 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 £1,635,000 (2018: £1,349,000). The amount owing in respect of pension funds at 29 September 2019 is £144,000 (2018: £122,000), included within accruals and deferred income.

24. Operating lease commitments

At 29 September 2019, the Group had total commitments under non-cancellable operating leases as follows (no leases falling due after five years):

Group	Land and buildings		Other	
	29-Sep	30-Sep	29-Sep	30-Sep
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Expiry date:				
Within one year	1,265	1,265	545	621
Between two and five years	2,644	3,905	473	1,017
Total	3,909	5,170	1,018	1,638

25. 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.

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

26. Financial Instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets				
Debt instruments measured at amortised cost				
Trade debtors, other debtors and accrued income (see note 14)	13,618	14,013	-	-
Cash and cash equivalents	9,660	8,652	5,575	429
	<u>23,278</u>	<u>22,665</u>	<u>5,575</u>	<u>429</u>
Financial liabilities				
Measured at amortised cost				
Loans payable (see note 15 & 16)	39,962	131,967	598	12,102
Trade creditors, other creditors and accrued expenses (see note 15)	9,382	18,228	120	5,216
	<u>49,344</u>	<u>150,196</u>	<u>718</u>	<u>17,319</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

27. Related party transactions

Group

The ongoing costs of the Group have been funded by way of shareholder loans. The amount due from the Group at 29 September 2019 to Mr Alexander Lebedev and companies in which he has an interest was £419,000 (2018: £10,090,000).

The Group received loans from Mr Evgeny Lebedev, a director, and companies in which he has an interest, of £2,500,000 (2018: £2,000,000) and repaid £nil (2018: £nil). The amount due from the group at 29 September 2019 to Mr Evgeny Lebedev and companies in which he has an interest was £26,444,000 (2018: £111,269,000).

In addition to this, further loans of £6,932,000 (2018: £6,359,000) were due to Daily Mail and General Holdings Ltd, at 29 September 2019.

The Group made net sales of £3,517,000 (2018: £3,492,000) to Independent Digital News and Media Limited, a company under common control. The net amount owed to the Company in respect of these services on 29 September 2019 was £238,000 (2018: £398,000).

On 4 December 2018 Lebedev Holdings Limited sold its shareholding in Independent Print Ltd for £79,000 to Mr Evgeny Lebedev, a controlling director of the company. Independent Print Ltd ceased being a member of the Lebedev Holdings Group at that date.

Subsequent to the sale of its shareholding, the Group made net sales of £65,000 to Independent Print Ltd, a company under common control. The net amount owed to the Company in respect of these services on 29 September 2019 was £7,000.

The Group provides and receives various services to and from subsidiaries of Daily Mail and General Holdings Limited, a shareholder with a minority interest in the Group. During the year the Group received revenues of £7,333,000 (2018: £9,405,000) in relation to advertising sales and was recharged costs of £22,131,000 (2018: £22,930,000) by Associated Newspapers Limited and Harnsworth Printing Limited, whilst the net amount due to the Group in respect of these services on 29 September 2019 was £644,000 (2018: £1,922,000).

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

27. Related party transactions (continued)

Company

On 29 September 2019 the loan due from the Company to Hawk Investment Fund Limited, a company in which Mr Alexander Lebedev has an interest, was £390,000 (2018: £4,019,000). As part of the reorganisation of share capital on 7 December 2018, there was an agreement to cancel the interest owing on the loan of £3,833,000 that was accruing at 7% per annum. Subsequent to that date, the loan is interest free and under FRS 102 a fair value interest rate of 9% per annum has been applied. The interest charge for the year was £29,000 (2018: £514,000) and the interest owed included within long term creditors was £29,000 (2018: £3,833,000).

On 29 September 2019 the loan due from the Company to International Media Company, a shareholder of the Company, was £168,000 (2018: £nil). The loan is interest free and under FRS 102 a fair value interest rate of 9% per annum has been applied. The interest charge for the year was £11,000 (2018: £nil) and the interest owed included within long term creditors was £11,000 (2018: £nil).

At 29 September 2019, Mr Evgeny Lebedev, a Director of the Company, was owed £nil (2018: £12,000) by the Company.

28. Disposal of investment in subsidiary

On 4 December 2018 the Group sold its shareholding in Independent Print Ltd for £78,873 to Mr Evgeny Lebedev, a controlling director of the company. The profit on sale has been recognised as a capital contribution within other reserves. The loss of Independent Print Ltd up to the date of disposal was £436,000, and for its last financial year was £3,071,000.

Net assets disposed of and the related sale proceeds were as follows:

	£'000
Current assets	1,248
Creditors	(67,300)
Provisions for liabilities	(803)
Net liabilities	(66,855)
Capital contribution	66,934
Sale proceeds	79
Satisfied by:	
Cash and cash equivalents	79
	<u>79</u>
Net cash flows in respect of the sale comprised:	
Cash and cash equivalents	79
Less: cash and cash equivalents disposed of	(1,145)
	<u>(1,066)</u>

Lebedev Holdings Limited

Notes to the financial statements For the 52 weeks ended 29 September 2019

29. Controlling party

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