

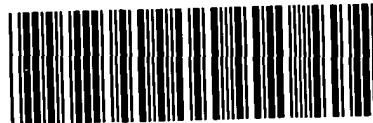
Company Registration No. 07320345

Independent Digital News and Media Limited

Annual Report and Financial Statements

For the 52 weeks ended 2 October 2022

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Independent Digital News and Media Limited

Annual Report and financial statements 2022

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Independent Digital News and Media Limited

Annual Report and financial statements 2022

Officers and professional advisers

Directors

E Lebedev
J D E Byam Shaw
Z R Leonard
E L Lewis
J Paton

Company Secretary

R M J Langrish

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Auditor

Deloitte LLP
Statutory Auditor
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London
EC4A 3HQ

Independent Digital News and Media 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 Independent Digital News and Media Limited and its subsidiary undertaking when viewed as a whole.

Principal activities

The principal activity of the Group is digital news and features publishing with its headquarters in London, United Kingdom. The analysis of revenue and operating profit for the period ended 2 October 2022 are included as notes 3 and 4 to the financial statements.

Review of business and future developments

The Group is a digital consumer and business-to-business media company delivering news and lifestyle content through websites, including Independent.co.uk and indy100.com; digital mobile applications including The Independent Digital Edition, The Independent App; and through off-line platform partnerships with Google, Facebook, MSN, Yahoo, SmartNews, Newsbreak, etc. The Group also provides events marketing and consultancy services to partners, and provides digital services to other media companies.

The Group completed its sixth consecutive year as a profitable, digital-only publisher on 2 October 2022, with turnover of £46.3m (2021: £41.2m), which represented a £5.1m or 12% improvement on the previous year. The Group recorded an operating profit of £1.9m (2021: £5.5m), which was a £3.6m reduction compared to the prior year. During the year, the Group invested significantly in the editorial teams in the UK and US, as well as in live, on the ground, coverage of the Ukraine War. The main strategic investment areas were:

- **eCommerce.** As part of an integrated revenue diversification strategy, the Group has invested in the development of eCommerce capabilities and partnerships, and launched a range of new services across on-site purchase, travel, and affiliate retail offers extending from cross-media advertising partners such as Samsung, Sky and Amazon. These build on the long-successful IndyBest affiliate eCommerce platform, Total eCommerce revenues increased 44% in the year.
- **IndependentTV.** Similarly, the Group transformed its video news provision services to a fully-fledged, integrated IndependentTV proposition, achieving a peak of 73.4m monthly on-site video views and 660m in aggregate in FY2022. IndependentTV revenues increased by +52% in the year, driven by continuous yield- and ad-serving optimisation, sponsored content series such as an eCars Campaign, *Work Wonders*, and *Binge or Bin*. In 2022 IndependentTV also secured and developed its pilot CTV proposition, which launches in the new financial year across Apple, Google Android, Roku, Samsung and LG services among others. TV also features significantly in the group's Events & Convening marketing revenue line.
- **A2K and Reader Revenues.** The development of data-driven platforms, processes and expertise to support the Group's primary strategy to develop direct-to-consumer services such as IndyBest eCommerce, subscriptions and donations to support independent journalism, as well as enriching its high-yielding Advertising sales through Data-driven targeting. The Group is strengthening reader engagement by moving 'Anonymous' users to 'Known' customers under an 'A2K' strategy. This strategy also includes the mandate to build more first-party audience data as the threat to third-party cookie-dependent advertising looms in 2023.
- **Indy100.** The sister site to independent.co.uk – targeted to millennials – was redeveloped and replatformed to a new Content Management System (CMS) in 2022. Global Indy100 article views volume increased from 83M in FY2021 to 107M in FY2122; a +24M/+29% increase, drawing both UK and US readers.
- **Espanol.** A further illustration of the Group's diversification strategy, investment continued in *Independent en Espanol*, a fully owned and operated website, to build long-term brand, distribution and revenue potential amongst the world's second most widely spoken language audience and markets. Given the significant diversity within and across the Spanish speaking cultures, countries and geographies, Independent Espanol could be characterised as in its test-and-learn phase. Global Independent en Espanol article views increased from 19M in FY2021 to 61M in FY2122; a +42M/+224% increase.

During the last financial year, the news agenda for Independent.co.uk was dominated by the following topic areas: COVID-19, the Russia and Ukraine conflict, the PM leadership contest, the Johnny Depp/Amber Heard trial, the Queen's Platinum Jubilee and her passing. Alongside this, there was a strong performance for US TV content throughout the year; for example, there was strong pick up about the Will Smith incident at the Oscars. Combined, these content areas accounted for 43% of global Independent.co.uk article views in FY2122.

Independent Digital News and Media Limited

Strategic report (continued)

Year-on-year Independent.co.uk global article views volume was down -5.7%. Similar change has been seen across online news with a decline in monthly average unique users of -6.3% among the top 10 news brands in the US year-on-year. Due to changes in the IPSOS reporting methodology, the equivalent figure is not available for the UK.

The decline in US news consumption was largely related to the news cycle – with the very high views generated the previous year by Donald Trump, the US election, the Capitol Hill riots and Black Lives Matter content. Moreover, in July Facebook made a change to the nature of how they surface their content for news publishers, which had a detrimental impact on article views generated from this source for online news brands. The Independent outperformed the trend in the US with average monthly users falling 2.2%, compared to the 6.3% drop for the top 10 news brands.

In the UK, a decline in user interest in areas such as COVID-19, Brexit and Boris Johnson, resulted in an overall 42M diminution in UK Article Views. This decrease was offset by strong coverage of the Russia-Ukraine conflict along with the PM leadership contest and the Queen's Platinum Jubilee and sad news of her passing. Overall UK monthly article views declined by 4.4%.

The year saw significant growth in traffic volumes for Indy100 and Independent en Español. Global Indy100 article views volume increased from 83M in FY2021 to 107M in FY2122 (+24M/+29%), following a successful migration to a new Content Management System in January and a correlated increase in Search referrals, both from organic search and Discover. Independent en Español has seen tremendous growth from FY2021 to FY2122 with article views volume increasing from 19M in FY2021 to 61M in FY2122; a +42M/+224% increase.

The success of the company's strategy was recognised by the number of awards won during the year, which included:

- 4 awards at the AOP Digital Publishing Awards, including Best Digital Consumer Publishing Company
- 4 awards at the Travel Media Awards, including Broadcast Programme of the Year for Simon Calder's Podcast
- Publisher of the Year and Commercial Team of the Year at the Drum Awards for Online Media
- Bronze Award for Media Brand of the Year at the MediaWeek Awards

The breadth and diversity of the upcoming talent in the company was reflected through employees winning a Black Talent Award, a Global Women in Marketing Award, a Faces to Watch Award and Media Leader's Future 100 Club Class of 2022 Award.

Outlook

The Group will continue to pursue its strategy of further diversifying its revenue streams. The Group's strategic growth plan for the following fiscal year is organised around core business pillars: Expanding globally through investment in quality content, particularly focused on the US market. Building direct eCommerce revenues from readers. Expanding the IndependentTV offering. Building strategic partnerships with commercial partners including provision of custom content creation, and events and convening services. Developing partnerships and foreign language editions (currently six: English, Spanish, Arabic, Turkish, Farsi and Urdu). Maximising content sales value to consumers through premium Subscriptions, and to businesses through both Licensing and Syndication. Delivering Digital Services to other media and corporate clients who are digitally transforming. Significant investment was made in these pillars during 2021-22.

Since the end of the year, in the light of the economic headwinds arising from high inflation and the cost of living crisis, the Group has taken action to reallocate and reduce expenditure in lower yielding or slower growing parts of the business. This has enabled it to redeploy resources to concentrate on increasing diversified revenues, international expansion, data-driven, direct B2C and B2B Content Sales - all underpinned by our proprietorial 'thought-stack' of technical and data best practices.

The 'Anonymous-to-Known' (A2K) strategy underpinning first-party data-targeted advertising has remained on track. Custom content creation and TV capabilities are underpinning growth in strategic advertising partnerships across a range of industry sectors. Licensing revenues are expected to continue to grow through additional partnerships and translation services including Spanish, and a range of content distribution deals. The success of such initiatives will ensure the Group is well placed to continue investing in high quality journalism as well as expanding its commercial, data and technical capabilities.

Independent Digital News and Media Limited

Strategic report (continued)

Section 172(1) statement

The Directors have acted in ways in which they consider, in good faith, would be likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

The Directors will sometimes engage directly with certain stakeholders on specific issues, but often stakeholder engagement will take place at an operational level. The board will consider information from across the business to help it understand the impact of its operations and the interests and views of stakeholders. It will review strategic, financial and operational performance as well as information regarding risk and regulatory compliance. This information is provided to the board through reports prior to each board meeting, and through presentations on key issues.

These activities ensure that the board has an overview of engagement with stakeholders that enables the Directors to comply with their legal duty under Section 172 of the Companies Act 2006.

Approach to engagement

Employees. During the year, there have been a number of Director presentations to all staff both in person and over video-conferencing. These have provided an overview of performance and strategic direction for the business. Additionally, there have been staff surveys conducted to understand employee concerns and engagement.

Suppliers. Supplier engagement is largely devolved to an operational level, and operational executives are expected to develop strong relationships with all key suppliers. Individual Directors have met with some key suppliers during the year to discuss important issues, to renegotiate terms beneficial to the business, and aligned with its values.

Community. The business approach is to use our position of an iconic media publisher to create positive change for people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. Senior members of the editorial and commercial teams are involved in numerous community groups which help shape the editorial direction of the products including the launch of fund-raising campaigns which this year included our food for London campaign in collaboration with The Felix Project, and in raising LGBTQ+ awareness through London Pride.

Environment. The business recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements systems to minimise adverse effects that might be caused by its operations. During the year, the company relocated its UK office, taking into account environmental factors such as building efficiency, commuting distances for staff and the ability to re-use existing fixtures and fittings. Initiatives have been designed and implemented to manage and reduce the Company's environmental footprint, which includes reducing emission to air and water, reducing amount of solid waste sent to landfills and improving energy use and efficiency.

Readers. The Directors have established a Code of Conduct that sets clear journalistic guidelines to ensure products not only comply with legal requirements but also aim for a higher level of editorial independence and integrity. The Code of Conduct also establishes a robust complaints procedure to ensure that any issues are properly investigated and appropriately responded to. On a more general level, to assist in the strategic direction of the products and the business, The Independent undertakes snapshot surveys of reader response to key issues, which provide valuable information on which to base decisions.

Independent Digital News and Media Limited

Strategic report (continued)

Section 172(1) statement (continued)

Customers. The primary customers of the Company are advertisers and technology supplier-partners. The business believes in developing very strong relationships at an operational level with customers. These relationships are supported and augmented as necessary by the Directors. Significant proportion of company revenue comes through small number of customers, who are closely communicated at a senior level.

Fairness. The Directors aim to understand the view of the Company's shareholders and always act in their best interest. In order to do this, the Directors work closely with the shareholders to ensure operations, strategy and performance are aligned with their long-term objectives, while complying with the Articles of Association of the Company, and in line with the highest standards of conduct as laid out in Group policies.

The following are some examples of how Directors have had regard to the matters set out in Section 172 (a)-(f) when discharging their duties and the effect of those interactions on certain decisions made.

- 1.) Office move. The company relocated to new office premises in October 2022. It involved employees in this process in determining the type of office space required and planning the new ways of working and using the office space in the new office.
- 2.) Values. The company undertook a programme of employee workshops to develop a series of values that reflected the company, its employees, and beliefs.
- 3.) Net zero commitment. In October 2021 the company committed to achieving a target of net zero emissions by 2030. The company engaged Small World Consulting to conduct an emissions audit and to provide advice on reduction plans. This resulted in a move to a flexible working pattern, to reduce the office footprint and the volume of commuting to the new office.

Key performance indicators

In order to monitor the development, performance and financial position of the business, the Group uses key performance indicators such as: audience scale and growth (Unique Visitors, Page Impressions, Pages per Visit), syndication client acquisition and renewals, app subscription acquisition and retention, 1st and 3rd party data profile development, audience scale, profile/segmentation and quality measures, breakeven and profit targets for new ventures, advertising volume and yield, video views and ad inventory fill rates, social media friends and followers, and engagement behaviours of all user groups. The Group's financial KPIs are turnover and operating profit and have been analysed in the review of business and future developments section above. Increasingly, advertising standards, including viewability, brand safety and those provisions for data protection under the General Data Protection Regulation are driving our development and operational agenda to protect our users and clients' data, and maintain our own highest brand and service standards. Management have included above what they consider to be the most significant KPIs. Audience scale and growth have been analysed in the review of business and future developments section above.

Principal risks and uncertainties

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

Economic conditions

General economic conditions and the financial health of our advertising clients affect the performance of our business. Major economic shocks (e.g. Covid) tend to accelerate structural changes in advertising patterns. The effect of Ukraine war and cost of living crisis have had a material impact on confidence and advertising markets in both the UK and US. The US is transitioning through more quickly and remains a source of long-term opportunity for the Group. Longer term, the impact of Covid and the impact of the cost of living crisis on UK public finances together with increased trade friction from Brexit may act as a drag on future UK growth.

Independent Digital News and Media Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Advertising dependency

With the majority of revenue still coming from advertising, the Group is actively developing new and strengthening established forms of revenue to diversify income reduce the exposure to advertising markets and ensure the sustainability of the brand. This also includes monitoring market trends and challenges such as Ad-Blocking, 3rd-party cookie management (for which the Group is leading best practice acquisition of first party data), advocating and influencing trade associations and testing technical solutions to ensure that the quality and targeting standards of advertising are the highest possible to sustain that revenue stream. Events and Convening, Subscription / Reader Revenues, Licensing & Syndication and eCommerce revenue streams are growing and mitigating exposure to an advertising-dominant business.

Audience delivery

The Group's financial projections and business model depend on continued and material audience growth, increasingly on an international basis. Geographic expansion plans and investments are developed on return on investment criteria. The Group leverages other Group media assets and expertise to cost-effectively achieve its audience growth targets, thus has not been dependent to date on Cash marketing to achieve its KPIs.

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 significant advertising moving to digital platforms could affect the Group's performance but also provides future opportunities.

Migration from 3rd party to 1st party data

GDPR consent management requirements, and Google Chrome's related deprecation of third-party cookies will be challenging in the short-term. If alternatives to third-party cookies are not embraced, yields and ad spend across the open web will decrease and budgets will undoubtedly drop. Whilst the level of risk is difficult to fully quantify, the open-market programmatic (OMP) revenue stream is likely to feel the greatest impact as the open web is built on third-party cookies. The lack of 3P data will impact the scale of segments for audience targeting and attribution/measurement of campaigns by agencies and intermediaries. The business is investing in first-party data acquisition through its A2K strategy, and has rebuilt all behavioural and contextual audience segments using this data. During the transition the business will continue to work with a limited number of third-party data providers whilst testing new initiatives with existing trading and new ID partners.

Adverse results from litigation or other proceedings

From time to time the Group is party to litigation regarding defamation and privacy claims, the outcome of which is subject to significant uncertainty. An adverse outcome could result in reputational harm, as well as requiring the Group to pay out significant monetary damages and legal costs. This could adversely affect the Group's results, as well as its ability to conduct business as it is presently conducted.

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. GDPR training and accountability is mandatory, and contractual relative to passing employment probation. 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 is 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.

Independent Digital News and Media Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Brand risk

Foreign equity investment in the Group has raised regulatory attention; however, reputational risk, and adverse PR by competitive media publishers could compromise perceptions of brand integrity. Editorial integrity is sacrosanct and codified in Licensing & Syndication agreements to mitigate risk.

Impact of a major disaster or outbreak of disease

Any disaster, such as a geopolitical event or a pandemic, such as coronavirus, 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. The impact of the coronavirus is further explained in the Review of business and future developments section.

Information security breach or cyberattack

An information security breach would cause reputational damage with potential for a resultant loss of revenue. A breach of data protection legislation could result in financial penalties for the business affected and potentially the Group. The investigation and management of an incident would result in the diversion of management time.

Network and information systems and other technology disruption

Network and information systems and other technologies are important to the Group's business activities. The Group also relies on third party providers for certain technology and 'cloud based' systems and services that support a variety of business operations. Failure or misuse of these systems and technologies can cause a disruption in the Group's operations, customer or advertiser dissatisfaction, damage to reputation or brand, a loss of customers or revenues and other financial losses.

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 has 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. The Group is recharged overhead costs such as IT and rent by other connected companies on a fair, arm's length basis. If there are changes to the Group structure in future, this may result in additional costs having to be absorbed by the Group.

People talent & development

Our ability to identify, attract, retain and develop the right people for senior and business-critical roles could impact the Group's performance. The Group has built a People Strategy for the next fiscal year, including training and development, performance management, and coaching culture. Further, the Group is committed to promoting Diversity & Inclusion (D&I) in its broadest definition inclusive of race, gender, disability, age, etc., and is launching specific training and initiatives to address D&I opportunities and gaps. These include the appointment of a D&I correspondent and reporting, apprenticeship scheme, and refinements to our recruitment process to ensure that we are demonstrating D&I in the manner that The Independent's journalism has always sought to do.

Regulation

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.

Financial risks

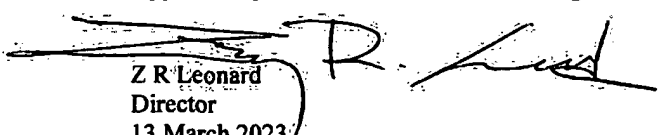
The Group is exposed to credit risk as its balance sheet will include significant receivables' balances. Management will mitigate this risk through rigorous monitoring and collection of receivables' balances, regular communication with major agencies and credit insurance. The Group has operations denominated in US Dollar, Euros and Saudi Riyals as well as Sterling. Changes in foreign currency exchange rates will have an impact on the Group's operating results in a given period. The Group monitors exchange rates carefully as part of its treasury operations and uses forward exchange

Independent Digital News and Media Limited

Strategic report (continued)

contracts where required to mitigate the cash impact of movements in exchange rates (see note 19). Fraudulent actors may attempt to appropriate Group cash or assets by phishing, ransomware or other cyber-attacks. Group employees may attempt fraud. These risks are mitigated through the maintenance of a robust framework of financial controls.

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



Z R Leonard
Director
13 March 2023

Independent Digital News and Media Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 October 2022. The comparative accounts were for the 53 weeks ended 3 October 2021.

Financial risk management and policies

Details of financial risk management and policies can be found in the Strategic Report on page 2 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.

Results and dividends

The profit after taxation for the period amounted to £1,774,000 (2021: £4,339,000). A final dividend of £3.34 per share (total £3,501,322) in respect of the financial year 2021 was agreed and paid on 4 November 2021. An interim dividend of £1.43 per share (total £1,499,069) was paid on 4 April 2022. In total dividends paid in the year amounted to £5,000,391, in comparison to the prior year when no dividends were paid.

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 Company 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 Company. 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 Company also regularly gathers feedback from employees via staff surveys, the results of which are used to inform the people strategy.

Energy and carbon reporting

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting ("SECR") covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions. 2022 is the first year in which the company is required to report energy use and emissions as a large company under the regulations. For this reason, no comparative figures are required.

	2022	
Total energy use covering electricity and transport	73,264	kWh
Total emissions generated through combustion of gas (Scope 1)	=	tCO ₂ e
Total emissions generated through use of purchased electricity (Scope 2)	9.44	tCO ₂ e
Total gross Scope 1 and 2 emissions	9.44	tCO₂e
Total emissions generated through business travel (Scope 3)	5.88	tCO ₂ e
Total gross emissions	15.32	tCO₂e
Intensity ratio (Scope 1 and 2 emissions)	0.021	tCO ₂ e per £100,000 turnover
Intensity ratio (total gross emissions)	0.033	tCO ₂ e per £100,000 turnover

Independent Digital News and Media Limited

Directors' report (continued)

Energy efficiency actions

The Company is committed to responsible energy management and will practice energy efficiency throughout the organisation, wherever it is cost effective. The Company recognises that climate change is one of the most serious environmental challenges currently threatening the global community and understands that it has a role to play in reducing greenhouse gas emissions. In October 2021 the company committed to achieving a target of net zero emissions as soon as possible, and believes this will be possible by 2030.

The Company has implemented the policies below for the purpose of increasing the businesses energy efficiency in 2022:

- The company has adopted hybrid working practices which has reduced office footprint with knock on effect on commuter impacts on the environment.
- Implemented and encouraged video conferencing, including investment in fully remote enabled meeting rooms.
- Assessed distance to work and commuting patterns as key criteria in selecting a new London office, and re-utilised the existing fit-out as far as possible to reduce the emissions involved in the office move.
- The new office has extensive cycling facilities but no car parking, to encourage low- and no-carbon commutes.
- As a publisher, we continue to reinforce our long-held commitment to compelling, trusted climate journalism.

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28/10/2019) used in conjunction with Government GHG reporting conversion factors.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Directors' report. The Company has recorded an operating profit in the period, has no borrowings, and does not require funding for the 12 months following signing of these financial statements. 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.

Directors

The names of the directors of the Company who held office during the period and up to the date of approval of these financial statements were:

E Lebedev
J D E Byam Shaw
Z R Leonard
E L Lewis
J Paton

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.

Independent Digital News and Media Limited

Directors' report (continued)

Capital structure

The Company's capital structure at the beginning and end of the period consisted of Voting A, B, C and D Ordinary Shares as follows:

Class of share	number of shares	Percentage of total share capital
A Ordinary shares of £0.001 each	33,810	3%
B Ordinary shares of £0.00075 each	280,000	27%
C Ordinary shares of £0.001166667 each	420,000	40%
D Ordinary shares of £0.001 each	314,490	30%
	<u>1,048,300</u>	<u>100%</u>

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.

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



Z R Leonard
Director

13 March 2023

Independent Digital News and Media 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), including 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 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Digital News and Media Limited

Independent auditor's report to the members of Independent Digital News and Media Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Independent Digital News and Media 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 2 October 2022 and of the group's profit 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;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated cash flow statement;
- the consolidated and parent company statements of changes in equity; and
- the related notes 1 to 22.

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.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of the audit, or

Independent Digital News and Media Limited

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud to lie in the cut-off of certain revenue streams. In response to the risk, we included:

- assessed the design and implementation of the key internal controls in place in respect of revenue cut off;
- assessed the appropriateness of management's calculations and supporting information; and
- performed substantive audit procedures which included performing cut off testing to check whether a sample of sales transactions straddling the financial period end were recorded in the proper accounting period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making

Independent Digital News and Media Limited

accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

Matters on which we are required to report by exception

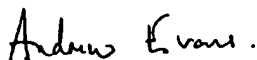
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 March 2023

Independent Digital News and Media Limited

Consolidated profit and loss account and statement of comprehensive income For the 52 weeks ended 2 October 2022

	Notes	2022 £'000	2021 £'000
Turnover	1,3	46,296	41,154
Cost of sales		(33,238)	(24,826)
Gross profit		13,058	16,328
Net operating expenses		(11,753)	(11,687)
Other income	4	600	845
Operating profit, being profit on ordinary activities before taxation	4	1,905	5,486
Tax charge on profit on ordinary activities	7	(121)	(1,144)
Retained profit for the financial year attributable to the equity shareholders of the Group	16	1,784	4,342
Currency translation loss on foreign currency net investments	16	(10)	(3)
Other comprehensive loss		(10)	(3)
Total comprehensive income attributable to equity shareholders of the Group		1,774	4,339

All of the activities of the Group are classified as continuing.

The notes on pages 21 to 34 form part of these financial statements.

Independent Digital News and Media Limited


Consolidated balance sheet As at 2 October 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	10	704	95
Intangible assets	11	507	-
		<u>1,211</u>	<u>95</u>
Current assets			
Debtors falling due within one year	12	9,400	17,122
Cash at bank and in hand		4,217	5,201
		<u>13,617</u>	<u>22,323</u>
Creditors: amounts falling due within one year	13	<u>(10,436)</u>	<u>(14,886)</u>
Net current assets		<u>3,181</u>	<u>7,437</u>
Total assets less current liabilities		<u>4,392</u>	<u>7,532</u>
Provisions	14	(334)	(260)
Net assets		<u>4,058</u>	<u>7,272</u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	-	-
Profit and loss account	16	3,864	7,090
Other reserves	16	193	181
Shareholders' funds		<u>4,058</u>	<u>7,272</u>

The notes on pages 21 to 34 form part of these financial statements.

The financial statements of Independent Digital News and Media Limited, registered number 07320345 were approved by the Board of Directors on 13 March 2023.

Signed on behalf of the Board of Directors


Z R Leonard
Director

Independent Digital News and Media Limited

Company balance sheet As at 2 October 2022

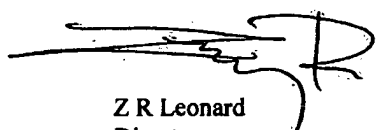
	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	10	704	95
Intangible assets	11	507	-
Investments	11	1	1
		<u>1,212</u>	<u>96</u>
Current assets			
Debtors falling due within one year	12	9,225	17,117
Cash at bank and in hand		<u>4,113</u>	<u>4,978</u>
		<u>13,338</u>	<u>22,095</u>
Creditors: amounts falling due within one year	13	<u>(11,391)</u>	<u>(15,354)</u>
Net current assets		<u>1,947</u>	<u>6,741</u>
Total assets less current liabilities		<u>3,159</u>	<u>6,837</u>
Provisions	14	<u>(334)</u>	<u>(260)</u>
Net assets		<u>2,825</u>	<u>6,577</u>
Capital and reserves			
Called up share capital	15	1	1
Share premium account	16	-	-
Profit and loss account	16	2,631	6,395
Other reserves	16	193	181
Shareholders' funds		<u>2,825</u>	<u>6,577</u>


The profit for the financial year dealt with in the financial statements of the parent company was £1,236,000 (2021: £4,111,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

The notes on pages 21 to 34 form part of these financial statements.

The consolidated financial statements of Independent Digital News and Media Limited, registered number 07320345 were approved by the Board of Directors on 13 March 2023.

Signed on behalf of the Board of Directors


Z R Leonard
Director



Independent Digital News and Media Limited

Consolidated cash flow statement For the 52 weeks ended 2 October 2022

	Notes	2022 £'000	2021 £'000
Net cash inflow from operating activities	9	5,270	1,799
Cash flows from investing activities			
Capital expenditure	10, 11	(1,244)	(100)
Net cash flows from investing activities		(1,244)	(100)
Cash flows from financing activities			
Dividends paid	8	(5,000)	-
Net cash flows used in financing activities		(5,000)	-
Net (decrease)/increase in cash and cash equivalents		(974)	1,699
Cash and cash equivalents at the beginning of the year		5,201	3,505
Effect of foreign exchange rate changes		(10)	(3)
Cash and cash equivalents at the end of the year		4,217	5,201

Independent Digital News and Media Limited

Statement of changes in equity For the 52 weeks ended 2 October 2022

Group		Share capital	Share premium reserve	Retained earnings	Other reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 28 September 2020		1	-	2,751	169	2,921
Profit for the year	16	-	-	4,342	12	4,354
Currency translation difference on foreign currency net investments	16	-	-	(3)	-	(3)
Total comprehensive income		-	-	4,339	12	4,351
Balance at 3 October 2021		1	-	7,090	181	7,272
Profit for the year	16, 18	-	-	1,784	12	1,796
Currency translation difference on foreign currency net investments	16	-	-	(10)	-	(10)
Total comprehensive income		-	-	1,774	12	1,786
Dividends paid	8, 16	-	-	(5,000)	-	(5,000)
Balance at 2 October 2022		1	-	3,864	193	4,058
Company		Share capital	Share premium reserve	Retained earnings	Other reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
Balance at 28 September 2021		1	-	2,284	169	2,454
Profit and total comprehensive income for the year	16, 18	-	-	4,111	12	4,123
Dividends paid	8, 16	-	-	-	-	-
Balance at 3 October 2021		1	-	6,395	181	6,577
Profit and total comprehensive income for the year	16, 18	-	-	1,236	12	1,248
Dividends paid	8, 16	-	-	(5,000)	-	(5,000)
Balance at 2 October 2022		1	-	2,631	193	2,825

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies

Basis of preparation

The Company is a company incorporated in the United Kingdom 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 Group's 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 parent company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a Company cash flow statement.

The functional currency of Independent Digital News and Media Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

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

Financial year

The results for 2022 represent the financial period from 4 October 2021 to 2 October 2022. The comparative accounts were for the financial year from 28 September 2021 to 3 October 2021.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods or services provided in the normal course of business net of value added tax (VAT) and commission where applicable. 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. Digital revenues are recognised on publication for advertising or delivery of service for other digital revenues. Content creation and convening revenues are recognised on delivery of service. Events revenues are recognised on the date or period of the event and syndication revenues are recognised based on contractual guarantees and the date of publication. Subscription revenues are recognised over the period of the subscription.

Barter transactions

Revenue 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.

Intangible fixed assets – development costs

Development costs are expensed as incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and provision for impairment.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write down the cost of tangible assets by equal annual instalments over their estimated useful lives as follows:

Plant and equipment	3-5 years
Fixtures and fittings	5-10 years

Financial instruments

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

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.

(i) 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.

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.

(i) Derivatives

Derivatives, including forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

The group has chosen not to adopt hedge accounting for the current financial period in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

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.

Going concern

In order to make an assessment of the going concern status of the company, the directors review a number of elements of financial data and projections including recent trading performance; forecasts for the remainder of the financial year and strategic plans beyond that period; and detailed cash flow forecasts for at least 12 months from the date of signing the financial statements. The Company has recorded an operating profit in the period and does not require funding for the 12 months following signing of these financial statements. Despite the impact of the invasion of Ukraine and the cost of living crisis on the advertising industry, advertising revenue grew by £2.7m or 12% due to the continued expansion of strategic advertising partnerships. The Group closed the year with £4.2m of cash at bank and in hand, a level that has proved adequate historically, including through the challenges of covid-19. 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.

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 sterling at the rates prevailing at the balance sheet date. All exchange differences are taken to the profit and loss account.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

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.

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

1. Accounting policies (continued)

Pension costs

The Company operates a defined contribution scheme. This means that the pension charge reported in these financial statements is the same as the cash contributions due in the period.

Connected company recharges

The Company is charged costs incurred on its behalf by connected companies, Evening Standard Limited and Lebedev Holdings Limited. Costs recharged from connected companies are treated as costs in the profit and loss account. Details of these items are set out in note 21.

Dividends

Dividends are recognised as a distribution in the period in which they are approved by the shareholders. Interim dividends are recorded in the period in which they are paid.

Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the period end date, and are discounted to present value where the effect is material.

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 that could materially impact the value of the Company's net assets.

In the opinion of the directors there are no critical accounting judgements or key sources of estimation uncertainty applicable to these financial statements.

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

3. Turnover

	2022 £'000	2021 £'000
By activity:		
Online news media	<u>46,296</u>	<u>41,154</u>
Geographical market by source:		
United Kingdom	29,149	23,568
United States and Canada	8,733	7,685
Other territories	<u>8,414</u>	<u>9,901</u>
	<u>46,296</u>	<u>41,154</u>

4. Operating profit

The operating profit is stated after charging/(crediting) the following:

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets	87	29
Amortisation of intangible fixed assets	41	-
Equity-settled share based payment charge	12	12
Auditor's remuneration:		
- fees for the audit of the company	77	57
- non-audit fees - taxation	65	85
Foreign exchange losses/(gains)	82	(21)
Other operating expenses	<u>11,390</u>	<u>11,537</u>
Net operating expenses	<u>11,754</u>	<u>11,699</u>
Other income	(600)	(845)

Other income in the current and previous year reflects payments received in respect of a COVID-19 insurance claim, which has now been settled.

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

5. Employees

Staff costs for the Group were as follows:

	2022 Number	2021 Number
Monthly average number of persons (including Directors) by activity:		
Online news media	304	244
	£'000	£'000
Total staff costs (including Directors) comprised:		
Wages and salaries	17,856	15,054
Social security costs	2,297	1,602
Pension contributions	1,246	973
	21,399	18,629

6. Directors' emoluments

	2022 £'000	2021 £'000
Emoluments	708	770
Company contributions to money purchase pension scheme	10	10
Compensation for loss of office	-	11
	718	791

Retirement benefits are accruing to one (2021: one) director in respect of defined contribution pension schemes.

	2022 £'000	2021 £'000
Highest paid director		
Emoluments	598	524
Company contributions to money purchase pension scheme	10	10
	608	534

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

7. Taxation

	2022 £'000	2021 £'000
UK corporation tax charge for the year	263	1,077
Adjustment in respect of previous periods	(189)	6
Foreign tax relief/other relief	(278)	-
Foreign tax suffered	358	61
Foreign tax adjustments in respect of prior periods	(23)	-
Total current tax charge	131	1,144
Deferred tax credit for the year	(10)	-
Total tax per income statement	121	1,144

Factors affecting the tax charge for the current period

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

Profit for the period from continuing operations	1,905	5,486
Tax on profit at standard rate of 19% (2021: 19%)	362	1,042
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	30	110
Income not taxable	(54)	(3)
Tax rate changes	3	(10)
Adjustment to tax charge in respect of previous periods	(233)	(1)
Differences in overseas tax rate	13	6
Total tax charge	121	1,144

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023. This rate had been substantively enacted at the balance sheet date and as a result, deferred tax balances as at 2 October 2022 are measured at 25%.

Deferred tax

A deferred tax asset of £51,000 (2020: £42,000) has been recognised in the year in respect of short term timing differences.

8. Dividends on equity shares

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 53 weeks ended 3 October 2021 (£3.34 per share)	3,501	-
Interim dividend for the 52 weeks ended 2 October 2022 (£1.43 per share)	1,499	-
	5,000	-

Independent Digital News and Media Limited

Notes to the financial statements For the 52 weeks ended 2 October 2022

9. Reconciliation of operating profit to operating cash flows

	2022 £'000	2021 £'000
Operating profit	1,905	5,486
Depreciation and amortisation	128	29
Decrease/(increase) in debtors	7,722	(10,390)
(Decrease)/increase in creditors due within one year	(3,413)	7,394
Increase in provisions	74	113
Equity-settled share based payment charge	12	12
Tax payments	(1,158)	(845)
Net cash inflow from operating activities	5,270	1,799

10. Property plant and equipment

	Group			Company		
	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 4 October 2021	183	-	183	183	-	183
Additions	313	383	696	313	383	696
At 2 October 2022	496	383	879	496	383	879
Accumulated depreciation						
At 4 October 2021	88	-	88	88	-	88
Charge for the year	87	-	87	87	-	87
At 2 October 2022	175	-	175	175	-	175
Net book value						
At 2 October 2022	321	383	704	321	383	704
At 4 October 2021	95	-	95	95	-	95

As at the balance sheet date the fixtures and fittings had not yet been brought into use, so no depreciation has been charged in the year.

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Notes to the financial statements For the 52 weeks ended 2 October 2022

11. Intangible assets and investments

	Group				Company
	Capitalised development costs	Brand name*	Fixed asset investment*	Total	Capitalised development costs
	£'000	£'000	£'000	£'000	£'000
Intangible assets					
Cost					
At 4 October 2021	-	-	-	-	-
Additions	548	-	-	548	548
At 2 October 2022	548	-	-	548	548
Accumulated depreciation					
At 4 October 2021	-	-	-	-	-
Charge for the year	41	-	-	41	41
At 2 October 2022	41	-	-	41	41
Net book value					
At 2 October 2022	507	-	-	507	507
At 4 October 2021	-	-	-	-	-

*Both the brand name and fixed asset investment have a net book value of £1 at the end of the period (2021: £1)

Company	2022	2021
	£'000	£'000
Investment in subsidiary	1	1

Company name	Country of incorporation	Percentage shareholding	Description
Independent Digital News and Media LLC	United States of America	100% Ordinary	Service provider

The subsidiary's registered address is 1209 Orange Street, County of New Castle, Wilmington, Delaware 19801 and is consolidated in the group financial statements of Independent Digital News and Media Limited.

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12. Debtors

	Note	Group		Company	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Amounts due within one year:					
Trade debtors		2,047	12,471	1,993	12,466
Amounts owed by group company		-	-	60	15
Deferred tax	7	51	42	51	42
Other debtors		1,298	568	1,253	563
Prepayments and accrued income		6,004	4,041	5,868	4,031
		<u>9,400</u>	<u>17,122</u>	<u>9,225</u>	<u>17,117</u>

Included within other debtors is an amount of £559,000 (2021: £559,000) representing cash held in escrow by our bankers in order to underwrite a performance guarantee given by them which is expected to be released within the next twelve months. Until such time as the guarantee is released, the cash will not be available for use by the group.

The amounts due from group undertakings are on demand and interest-free.

13. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	2,122	2,288	1,797	2,204
Amounts owed to group company	-	-	1,765	615
Taxation and social security	1,149	1,214	1,258	1,225
Other creditors	431	518	496	491
Fair value of forward foreign exchange contracts	-	108	-	108
Accruals and deferred income	6,734	10,758	6,075	10,711
	<u>10,436</u>	<u>14,886</u>	<u>11,391</u>	<u>15,354</u>

The amounts due to group undertakings are payable on standard trading terms and interest-free.

14. Provisions for liabilities

	Libel	Contract discounts	Total
	£'000	£'000	£'000
Group and Company			
At beginning of year	2	258	260
Charged during year	38	261	299
Released during the year	-	(188)	(188)
Utilised during year	-	(37)	(37)
At end of year	<u>40</u>	<u>294</u>	<u>334</u>

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

15. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
33,810 A Ordinary shares of £0.001 each	34	34
280,000 B Ordinary shares of £0.00075 each	210	210
420,000 C Ordinary shares of £0.001166667 each	490	490
314,490 D Ordinary shares of £0.001 each	314	314
	<u>1,048</u>	<u>1,048</u>

All shares have equal rights as to distribution and capital. A and D shares have equal voting rights, B shares have 0.75 voting rights, C shares have 1.167 voting rights.

16. Reserves

	Notes	Profit and loss account		Other reserves	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Group					
At beginning of financial year		7,090	2,751	181	169
Exchange reserve		(10)	(3)	-	-
Retained profit for the year		1,784	4,342	12	12
Dividend paid	8	(5,000)	-	-	-
At end of financial year		<u>3,864</u>	<u>7,090</u>	<u>193</u>	<u>181</u>
Company					
At beginning of financial year		6,395	2,284	181	169
Retained profit for the year		1,236	4,111	12	12
Dividends paid	8	(5,000)	-	-	-
At end of financial year		<u>2,631</u>	<u>6,395</u>	<u>193</u>	<u>181</u>

The share premium account for both the Group and the Company at the beginning and end of the financial year was £262 (2021: £262). There were no movements in either 2021 or 2022.

Other reserves relate to equity-settled share-based payment transactions.

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17. Pension arrangements

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £1,246,000 (2021: £973,000). Contributions totalling £112,000 (2021: £90,000) were payable to the fund at the balance sheet date and are included in other creditors.

18. Share options

Equity-settled share option schemes

The Company has a share option scheme for certain key management personnel of the Group. The Company takes part in this group share-based payment plan and recognises and measures its allocation of the share-based payment expense on a pro-rata basis.

The vesting period is ten years and vesting conditions require a sale event or at the board of director's discretion. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

On 9 December 2015 11 A ordinary equity settled share options with a 10-year life were granted to certain key management personnel at an exercise price of £1.25 per share. On 1 June 2017 these options were converted into 11,000 A ordinary share options at an exercise price of £0.001 in alignment with the division of the Company's share capital during the year. Subsequently 3,300 A ordinary share options were exercised. There has been no change in the overall fair value of the options and no new options have been granted during the year.

Details of the share options outstanding during the year are as follows:

	2022		2021	
	Number of share options	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)
Outstanding at beginning and end of year	7,700	0.001	7,700	0.001

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The Group recognised total expenses of £12,000 (2021: £12,000) related to equity-settled share-based payment transactions.

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19. Financial instruments

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

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets				
Debt instruments measured at amortised cost				
Trade debtors, other debtors and accrued income (see note 12)	7,725	16,653	7,664	16,643
Cash and cash equivalents	4,217	5,201	4,112	4,978
	<u>11,942</u>	<u>21,854</u>	<u>11,776</u>	<u>21,621</u>
Financial liabilities				
Measured at amortised cost				
Trade creditors, other creditors and accrued expenses (see note 13)	6,961	7,762	6,267	4,825
	<u>6,961</u>	<u>7,762</u>	<u>6,267</u>	<u>4,825</u>
Measured at fair value				
Forward foreign exchange contracts	-	108	-	108
	<u>-</u>	<u>108</u>	<u>-</u>	<u>108</u>

In 2021 the group entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 3 October 2021, the group was committed to buy £5,932,000 and pay a fixed Saudi riyal (SAR) amount. The outstanding contracts matured during the financial year ended 2 October 2022 and there are no similar commitments at the year-end.

20. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company	
	2022	2021
	£'000	£'000
- within one year	1,115	-
- between one and five years	4,460	-
- after five years	880	-
	<u>6,455</u>	<u>-</u>

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21. Related party transactions

During the year, the Group entered into the following transactions with related parties. All balances due to or from related parties are transacted under standard commercial terms:

The Group made purchases in respect of management and consultancy services amounting to £2,930,000 (2021: £3,587,000) and sales of £1,872,000 (2021: £2,061,000) to Evening Standard Limited (ESL), a company with common shareholders. At the balance sheet date, the net amount owed by the Group to ESL was £361,000 (2021: £619,000).

The Group made purchases in respect of insurance amounting to £73,000 (2021: £nil) from Lebedev Holdings Limited (LHL), a company with common shareholders. At the balance sheet date, the net amount owed by the Group to LHL was £73,000 (2021: £nil).

During the year, the Group received services from companies in which directors have an interest totalling £369,000 (2021: £241,000) and received revenues of £1,183,000 (2021: £1,160,000). The net amount owed by these companies at 2 October 2022 was £56,000 (2021: £93,000).

The Group from time to time provides free advertising to related companies when no paid-for third party advertising is available.

22. Controlling party

The directors do not consider any one shareholder to have ultimate control, hence there is no ultimate controlling party.