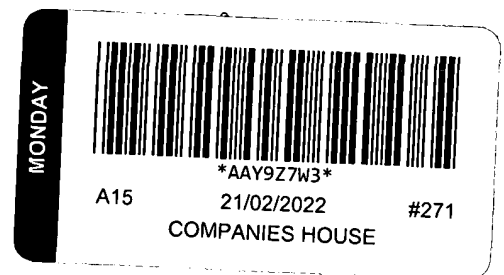


**Company Registration No. 07320345**

**Independent Digital News and Media Limited**

**Annual Report and Financial Statements**

**For the 53 weeks ended 3 October 2021**



# **Independent Digital News and Media Limited**

## **Annual Report and financial statements 2021**

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# **Independent Digital News and Media Limited**

## **Annual Report and financial statements 2021**

### **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

#### **Registered Office**

2 Derry Street  
London  
W8 5HF

#### **Bankers**

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

#### **Auditor**

Deloitte LLP  
Statutory Auditors  
1 New Street Square  
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 and an office in New York, United States. The analysis of revenue and operating profit for the period ended 3 October 2021 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](http://Independent.co.uk) and [indy100.com](http://indy100.com), and digital mobile applications including The Independent Digital Edition. The Group also licenses and syndicates content to publishing and aggregator partners around the world, provides event and convening services to partners and provides Digital Services to other media companies.

The Group completed its fifth consecutive year as a profitable, digital-only publisher on 3 October 2021, with turnover of £41.2m (2020: £30.3m), which represented a £10.9m or 36% improvement on the previous year. The Group recorded an operating profit of £5.5m (2020: £2.7m), which was a £2.8m or 103% improvement compared to the prior year as a result of continued investment in the editorial teams in the UK and US, as well as an expansion of its network of foreign correspondents located around the globe. There was a significant investment in 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-dependent advertising looms in 2022. Following the launch of *Independent en Espanol*, an edition for all Spanish-speaking markets, in September 2020, the business launched Independent TV, bringing together all video content in a single TV hub and investing in new video content, and securing sponsored TV programming; a Digital Service business, providing consulting and operational support for media companies; and launched Independent Asia, with further investment in journalists based in that region.

During the last financial year, the US Election, Black Lives Matter, Covid-19, UK Politics, Brexit and Climate dominated the news agenda. From March, Covid coverage, analysis, comment and advice led our output and drive record traffic. Additional spikes in audience were delivered by Science / Climate and Sport stories. Significantly, the US market continues to be the Group's most important strategic growth market. US and Rest of World traffic exceeds UK traffic each month, reinforcing the international appeal of The Independent's journalism and its digital channels outside of the UK.

Cumulative traffic continued to grow in the first half of the financial year, buoyed by significant interest in the US election, Covid and Brexit. The second half of the year, saw a change in the news agenda with the gradual opening up in economies and a growing interest in sport and entertainment, including the delayed Euro 2020 and Olympics competitions. As a result, the Independent generated 2.7 billion page impressions in the year through owned and operated (O&O) channels. The Independent hit a record audience of 128 million Unique Visitors during November 2020 and averaged over 96 million Unique Visitors across the year. Tens of millions more users also consumed The Group's content 'off-platform' through partnerships with Yahoo, MSN, Facebook, AppleNews and Twitter.

Revenues grew by 36% owing to buoyant advertising and reader revenues. Despite the impact of Covid-19 on the advertising industry, advertising revenue grew by £2.4m or 13% due to the continued expansion of strategic advertising partnerships. The Company's strategy to invest in its subscription-based services during the year resulted in a 39% improvement in Reader Revenues compared to the prior year. Moreover, the Group's significant strength in Licensing & Syndication, as well as Off-Platform revenues from social media channels like Facebook, Twitter, Yahoo, MSN, Smartnews and NewsBreak drove a 21% increase in revenue from these channels. During the year, the Group launched a Digital Services business, providing access to the Independent's "thought stack", operational analytics, as well as commercial representation, to strategic partners and an events and convening business, opening up new channels for growth.

# **Independent Digital News and Media Limited**

## **Strategic report (continued)**

### **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; developing partnerships and foreign language editions (currently six: English, Spanish, Arabic, Turkish, Farsi and Urdu); building direct eCommerce revenues from readers; building strategic partnerships with commercial partners including provision of custom content creation, and events and convening services; selling content to consumers through premium subscriptions and donations, and to businesses through both licensing and syndication; delivering digital services to other media and corporate clients who are digitally transforming.

Since the end of the year, the Group has continued to deliver strong audience and revenue performance in line with its business plan. Investment in editorial and expertise in search engine optimisation (SEO) and social media continued to drive strong traffic, with eCommerce revenues benefitting as a result. 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. Events and convening continue to show strong year-on-year growth. 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.

### **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. To date the effects of Brexit have largely been obscured by the impact of Covid-19. As countries progressively roll-out vaccines and travel and leisure activities start to open up there should be opportunities which the business is well positioned to exploit. Given the variable rates of roll out of vaccinations and emerging variants economic recovery will remain patchy and inconsistent. Longer term, the impact of Covid on public finances together with increased trade friction from Brexit may act as a drag on future growth. Major economic shocks (e.g. Covid) tend to accelerate structural changes in advertising patterns.

#### ***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. Indeed, in the next fiscal year, Advertising will constitute only 47% of the Group's income. 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.

# **Independent Digital News and Media Limited**

## **Strategic report (continued)**

### **Principal risks and uncertainties (continued)**

#### ***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***

The loss of third-party cookies is challenging in the short-term, with the Google Chrome blocking deadline of January 2022 looming. If alternatives to third-party cookies are not embraced, 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 removal of 3P data will impact the scale of segments for audience targeting and attribution/measurement of campaigns. The business is investing in 1<sup>st</sup> party data through its A2K strategy and is rebuilding all audience segments to reduce reliance on third-party data. During the transition the business will continue to work with a 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.

#### ***Press regulation***

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. 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.

# **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.

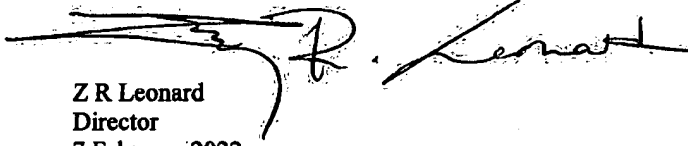
#### ***Financial risks***

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 contracts where required to mitigate the cash impact of movements in exchange rates (see note 20). 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.

# **Independent Digital News and Media Limited**

## **Strategic report (continued)**

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



Z R Leonard  
Director  
7 February 2022



# **Independent Digital News and Media Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the 53 weeks ended 3 October 2021. The comparative accounts were for the 52 weeks ended 27 September 2020.

### **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 £4,342,000 (2020: £2,164,000). No dividends were paid in the period, in comparison to the prior year when the directors proposed and agreed an interim dividend in March 2020 of £2.00 per share and a further final dividend in July 2020 of £1.90 per share. Subsequent to the period-end a final dividend of £3.34 per share (total £3,501,000) was agreed and paid. There were no other subsequent events.

### **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.

### **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 and does not require additional funding for the 12 months following signing of these financial statements. Despite the impact of Covid-19 on the advertising industry, advertising revenue grew by £2.4m or 13% due to the continued expansion of strategic advertising partnerships. 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  
M Malhotra (resigned 31 March 2021)  
D Collins (resigned 10 December 2020)  
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.

Deloitte LLP has indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



Z R Leonard  
Director

7 February 2022

# **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 judgments 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.

# **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 3 October 2021 and of the group's profit for the period 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 and parent company statements of changes in equity;
- the consolidated cash flow statement; 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.

## **Independent Digital News and Media Limited**

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 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](http://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 about their own identification and assessment of the risks of irregularities.

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, 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 in the revenue recognition in relation to cut off and our specific procedures performed to address it are described below:

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

## **Independent Digital News and Media Limited**

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 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 internal 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*

Andrew Evans (Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
7 February 2022

## Independent Digital News and Media Limited

### Consolidated profit and loss account and statement of comprehensive income For the 53 weeks ended 3 October 2021

	Notes	2021 £'000	2020 £'000
<b>Turnover</b>	1,3	41,154	30,265
Cost of sales		(24,826)	(19,287)
<b>Gross profit</b>		<u>16,328</u>	<u>10,978</u>
Net operating expenses		(11,687)	(8,311)
Other income	4	845	34
<b>Operating profit</b>	4	<u>5,486</u>	<u>2,701</u>
Finance income	7		24
<b>Profit on ordinary activities before taxation</b>		<u>5,486</u>	<u>2,725</u>
Tax charge on profit on ordinary activities	8	(1,144)	(561)
<b>Retained profit for the financial year attributable to the equity shareholders of the Group</b>	17	<u>4,342</u>	<u>2,164</u>
Currency translation loss on foreign currency net investments	17	(3)	(1)
<b>Other comprehensive loss</b>		<u>(3)</u>	<u>(1)</u>
<b>Total comprehensive income attributable to equity shareholders of the Group</b>		<u>4,339</u>	<u>2,163</u>

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

The notes on pages 18 to 31 form part of these financial statements.

# Independent Digital News and Media Limited

## Consolidated balance sheet As at 3 October 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	10	95	24
Intangible assets	12	<u>95</u>	<u>24</u>
<b>Current assets</b>			
Debtors falling due within one year	13	17,122	6,732
Cash at bank and in hand		<u>5,201</u>	<u>3,505</u>
		22,323	10,237
<b>Creditors: amounts falling due within one year</b>	14	<u>(14,886)</u>	<u>(7,193)</u>
<b>Net current assets</b>		7,437	3,044
<b>Total assets less current liabilities</b>		<u>7,532</u>	<u>3,068</u>
<b>Provisions</b>	15	(260)	(147)
<b>Net assets</b>		<u>7,272</u>	<u>2,921</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Share premium account	17		
Profit and loss account	17	7,090	2,751
Other reserves	17	181	169
<b>Shareholders' funds</b>		<u>7,272</u>	<u>2,921</u>

The notes on pages 18 to 31 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 7 February 2022.

Signed on behalf of the Board of Directors

  
Z R Leonard  
Director



# Independent Digital News and Media Limited

## Company balance sheet As at 3 October 2021

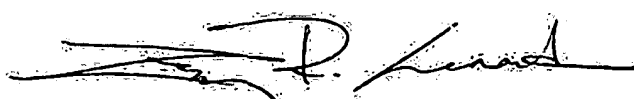
	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	10	95	24
Intangible assets	12	-	-
Investments	12	1	1
		<u>96</u>	<u>25</u>
<b>Current assets</b>			
Debtors falling due within one year	13	17,117	6,646
Cash at bank and in hand		4,978	3,160
		<u>22,095</u>	<u>9,806</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(15,354)</u>	<u>(7,230)</u>
<b>Net current assets</b>		<u>6,741</u>	<u>2,576</u>
<b>Total assets less current liabilities</b>		<u>6,837</u>	<u>2,601</u>
<b>Provisions</b>	15	(260)	(147)
<b>Net assets</b>		<u>6,577</u>	<u>2,454</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Share premium account	17	-	-
Profit and loss account	17	6,395	2,284
Other reserves	17	181	169
<b>Shareholders' funds</b>		<u>6,577</u>	<u>2,454</u>

The profit for the financial year dealt with in the financial statements of the parent Company was £4,111,000 (2020: £1,976,000). 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 18 to 31 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 7 February 2022.

Signed on behalf of the Board of Directors

  
Z R Leonard  
Director

# Independent Digital News and Media Limited

## Consolidated cash flow statement For the 53 weeks ended 3 October 2021

	Notes	2021 £'000	2020 £'000
<b>Net cash inflow from operating activities</b>	11	1,799	3,058
<b>Cash flows from investing activities</b>			
Interest received	7	2	24
Capital expenditure	10	(100)	(24)
<b>Net cash flows from investing activities</b>		(100)	(0)
<b>Cash flows from financing activities</b>			
Dividends paid	9	-	(4,088)
<b>Net cash flows used in financing activities</b>		-	(4,088)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>1,699</u>	<u>(1,030)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		3,505	4,536
Effect of foreign exchange rate changes		(3)	(1)
<b>Cash and cash equivalents at the end of the year</b>		<u>5,201</u>	<u>3,505</u>

# Independent Digital News and Media Limited

## Statement of changes in equity For the 53 weeks ended 3 October 2021

Group		Share capital	Share premium reserve	Retained earnings	Other reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Balance at 29 September 2019</b>		1	-	4,676	114	4,791
Profit for the year	17	-	-	2,164	55	2,219
Currency translation difference on foreign currency net	17	-	-	(1)	-	(1)
Total comprehensive income		-	-	2,163	55	2,218
Dividends paid	9, 17	-	-	(4,088)	-	(4,088)
<b>Balance at 27 September 2020</b>		1	-	2,751	169	2,921
Profit for the year	17, 19	-	-	4,342	12	4,354
Currency translation difference on foreign currency net	17	-	-	(3)	-	(3)
Total comprehensive income		-	-	4,339	12	4,351
<b>Balance at 3 October 2021</b>		1	-	7,090	181	7,272

Company		Share capital	Share premium reserve	Retained Earnings	Other reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Balance at 29 September 2019</b>		1	-	4,396	114	4,511
Profit and total comprehensive income for the year	17, 19	-	-	1,976	55	2,031
Dividends paid	9, 17	-	-	(4,088)	-	(4,088)
<b>Balance at 27 September 2020</b>		1	-	2,284	169	2,454
Profit and total comprehensive income for the year	17, 19	-	-	4,111	12	4,123
<b>Balance at 3 October 2021</b>		1	-	6,395	181	6,577

# **Independent Digital News and Media Limited**

## **Notes to the financial statements For the 53 weeks ended 3 October 2021**

### **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 2021 represent the financial period from 28 September 2020 to 3 October 2021. The comparative accounts were for the financial year from 30 September 2019 to 27 September 2020.

#### **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.

# **Independent Digital News and Media Limited**

## **Notes to the financial statements For the 53 weeks ended 3 October 2021**

### **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
---------------------	-----------

#### **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 53 weeks ended 3 October 2021**

### *(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**

The Company has recorded an operating profit in the period and does not require additional funding for the 12 months following signing of these financial statements. Despite the impact of Covid-19 on the advertising industry, advertising revenue grew by £2.7m or 14% due to the continued expansion of strategic advertising partnerships. 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.

### **Finance income**

Finance 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.

# **Independent Digital News and Media Limited**

## **Notes to the financial statements For the 53 weeks ended 3 October 2021**

### **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.

#### **Intercompany recharges**

The Company is charged costs incurred on its behalf by connected companies, Evening Standard Limited, ESTV Limited and Independent Print 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.

#### **Job retention scheme**

Government grants in respect of the Coronavirus Job Retention Scheme (CJRS) are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to revenue. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

#### **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. The restructuring provision movement is presented separately in the profit and loss account to provide more information to the users of the financial statements.

### **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.

#### ***Critical judgements in applying the Company's accounting policies***

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 53 weeks ended 3 October 2021

### 3. Turnover

	2021	2020
	Turnover	Turnover
	£'000	£'000
<b>By activity:</b>		
Online news media	<u>41,154</u>	<u>30,265</u>
<b>Geographical market by source:</b>		
United Kingdom	23,568	15,125
United States and Canada	7,685	9,903
Other territories	9,901	5,237
	<u>41,154</u>	<u>30,265</u>

### 4. Operating profit

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

	2021	2020
	£'000	£'000
Depreciation of tangible fixed assets	29	21
Auditor's remuneration:		
- fees for the audit of the company	57	48
- non-audit fees - taxation	85	58
Foreign exchange (gains)/losses	(21)	38
Other operating expenses	<u>11,537</u>	<u>9,726</u>
	11,687	9,891
Other operating income		(1,580)
Net operating expenses	<u>11,687</u>	<u>8,311</u>
Other income	(845)	(34)

In 2020 certain payroll costs were recharged to related entities contained within other operating expenses. The amount recharged is included as other operating income.

Other income in the year reflects interim payments received in respect of a COVID-19 insurance claim, which is currently in the process of being settled. Other income in the previous year relates to amounts received in respect of the Coronavirus Job Retention Scheme.



# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 5. Employees

Staff costs for the Group were as follows:

	2021	2020
	Number	Number
Monthly average number of persons (including Directors) by activity:		
Online news media	244	214
	<b>£'000</b>	<b>£'000</b>
Total staff costs (including Directors) comprised:		
Wages and salaries	15,054	12,200
Social security costs	1,602	1,262
Pension contributions	973	757
	17,629	14,219

### 6. Directors' emoluments

	2021	2020
	£'000	£'000
Emoluments	770	760
Company contributions to money purchase pension scheme	10	9
Compensation for loss of office	11	179
	791	948

Retirement benefits are accruing to one (2020: one) director in respect of defined contribution pension schemes.

	2021	2020
	£'000	£'000
<b>Highest paid director</b>		
Emoluments	524	490
Company contributions to money purchase pension scheme	10	9
	534	500

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 7. Interest receivable and similar income

	2021	2020
	£'000	£'000
Bank interest receivable	-	24
	<u>-</u>	<u>24</u>

### 8. Taxation

	2021	2020
	£'000	£'000
UK corporation tax charge for the year	1,077	476
Adjustment in respect of previous periods	6	40
Foreign tax relief/other relief	-	(4)
Foreign tax suffered	61	60
Total current tax charge	<u>1,144</u>	<u>572</u>
Deferred tax credit for the year	-	(11)
Total tax per income statement	<u>1,144</u>	<u>561</u>

#### 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	5,486	2,725
Tax on profit at standard rate of 19% (2020: 19%)	<u>1,042</u>	<u>518</u>
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	110	7
Income not taxable	(3)	-
Tax rate changes	(10)	(5)
Adjustment to tax charge in respect of previous periods	(1)	26
Differences in overseas tax rate	6	15
Total tax charge	<u>1,144</u>	<u>561</u>

In the March 2021 Budget it was announced that the Corporation Tax rate will be increased to 25% from 1 April 2023, however this was not substantially-enacted at the balance sheet date, so deferred tax balances have not been adjusted to reflect this announcement.

#### Deferred tax

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

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 9. Dividends on equity shares

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the 52 weeks ended 27 September 2020	-	2,097
Final dividend for the 52 weeks ended 27 September 2020	-	1,992
	<u>-</u>	<u>4,088</u>

A final dividend in respect of the 53 weeks ended 3 October 2021 of £3.34 per share, totalling £3,501,000, was declared and paid in November 2021. As this occurred after the balance sheet date, it has not been reflected in these financial statements.

### 10. Property plant and equipment

	Group Plant and equipment £'000	Company Plant and equipment £'000
<b>Cost</b>		
At 27 September 2020	83	83
Additions	100	100
At 3 October 2021	<u>183</u>	<u>183</u>
<b>Accumulated depreciation</b>		
At 27 September 2020	59	59
Charge for the year	29	29
At 3 October 2021	<u>88</u>	<u>88</u>
<b>Net book value</b>		
At 3 October 2021	<u>95</u>	<u>95</u>
At 27 September 2020	<u>24</u>	<u>24</u>

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 11. Reconciliation of operating profit to operating cash flows

	2021 £'000	2020 £'000
Operating profit	5,486	2,701
Depreciation and amortisation	29	21
Increase in debtors	(10,390)	(1,603)
Increase in creditors due within one year	7,394	2,679
Increase/(decrease) in provisions	113	(265)
Equity-settled share based payment charge	12	55
Tax payments	(845)	(530)
<b>Net cash inflow from operating activities</b>	<b>1,799</b>	<b>3,058</b>

### 12. Intangible assets and investments

	Brand name £	Fixed asset investment £
<b>Group</b>		
<b>Cost and Net book value</b>		
At 27 September 2020	1	1
At 3 October 2021	1	1
<b>Company</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
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. During the year, the subsidiary Independent Digital News and Media Inc converted to Independent Digital News and Media LLC, effective from 30 September 2021.

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 13. Debtors

	Note	Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
<b>Amounts due within one year:</b>					
Trade debtors		12,471	2,815	12,466	2,807
Amounts owed by group company		-	-	15	2
Deferred tax	8	42	42	42	42
Other debtors		568	27	563	2
Prepayments and accrued income		4,041	3,848	4,031	3,793
		<u>17,122</u>	<u>6,732</u>	<u>17,117</u>	<u>6,646</u>

Included within other debtors is an amount of £559,000 representing cash held on deposit at our bankers in order to underwrite a performance guarantee given by them which is expected to be released in August 2022. 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.

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

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade creditors	2,288	1,843	2,204	1,285
Amounts owed to group company	-	-	615	364
Taxation and social security	1,214	570	1,225	583
Other creditors	518	127	491	625
Fair value of forward foreign exchange contracts	108	-	108	-
Accruals and deferred income	10,758	4,653	10,711	4,373
	<u>14,886</u>	<u>7,193</u>	<u>15,354</u>	<u>7,230</u>

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

### 15. Provisions for liabilities

	Libel	Contract discounts	Total
	£'000	£'000	£'000
<b>Group</b>			
At beginning of year	-	147	147
Charged during year	15	237	252
Released during the year	-	(4)	(4)
Utilised during year	(13)	(122)	(135)
At end of year	<u>2</u>	<u>258</u>	<u>260</u>

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

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.

### 16. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
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.

### 17. Reserves

	Notes	Profit and loss account		Other reserves	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Group</b>					
At beginning of financial year		2,751	4,676	169	114
Exchange reserve	19	(3)	(1)	-	-
Retained profit for the year		4,342	2,164	12	55
Dividend paid	9	-	(4,088)	-	-
At end of financial year		<u>7,090</u>	<u>2,751</u>	<u>181</u>	<u>169</u>
<b>Company</b>					
At beginning of financial year		2,284	4,396	169	114
Retained profit for the year	19	4,111	1,976	12	55
Dividends paid	9	-	(4,088)	-	-
At end of financial year		<u>6,395</u>	<u>2,284</u>	<u>181</u>	<u>169</u>

The share premium account for both the Group and the Company at the beginning and end of the financial year was £262 (2020: £262). There were no movements in either 2020 or 2021.

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

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 18. 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 £973,000 (2020: £757,000). Contributions totalling £90,000 (2020: £83,000) were payable to the fund at the balance sheet date and are included in other creditors.

### 19. 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:

	2021		2020	
	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 (2020: £55,000) related to equity-settled share-based payment transactions.

# Independent Digital News and Media Limited

## Notes to the financial statements For the 53 weeks ended 3 October 2021

### 20. Financial instruments

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

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Debt instruments measured at amortised cost				
Trade debtors, other debtors and accrued income (see note 13)	16,653	5,918	16,643	5,886
Cash and cash equivalents	5,201	3,505	4,978	3,160
	<u>21,854</u>	<u>9,423</u>	<u>21,621</u>	<u>9,046</u>
<b>Financial liabilities</b>				
Measured at amortised cost				
Trade creditors, other creditors and accrued expenses (see note 14)	7,762	4,841	4,825	4,502
	<u>7,762</u>	<u>4,841</u>	<u>4,825</u>	<u>4,502</u>
Measured at fair value				
Forward foreign exchange contracts	108		108	
	<u>108</u>		<u>108</u>	

The group has entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 3 October 2021, the group is committed to buy £5,932,000 and pay a fixed Saudi riyal (SAR) amount (2020: £nil). The outstanding contracts all mature within twelve months (2020: no outstanding contracts) of the year-end).



## **Independent Digital News and Media Limited**

### **Notes to the financial statements For the 53 weeks ended 3 October 2021**

#### **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 £3,587,000 (2020: £4,072,000) and sales of £2,061,000 (2020: £1,580,000) to Evening Standard Limited (ESL), a company under common control. At the balance sheet date, the net amount owed by the Group to ESL was £619,000 (2020: £961,000).

The Group received technical services during the year from ESTV Limited, a connected company, with costs recharged monthly. The total costs recharged during the period amounted to £nil (2020: £15,000), whilst the net amount due in respect of these services on 3 October 2021 was £nil (2020: £nil).

During the year, the Group received services from companies in which directors have an interest totalling £241,000 (2020: £179,000) and received revenues of £1,160,000 (2020: £1,254,000). The net amount owed by these companies at 3 October 2021 was £93,000 (2020: £92,000).

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.