Company Registration No. 00112955

The National Magazine Company Limited

Annual Report and Financial Statements

31 December 2019

The National Magazine Company Limited

Annual Report and Financial Statements 2019

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The National Magazine Company Limited

Annual report and financial statements 2019

Officers and professional advisers

Directors

F A Bennack Jr	(USA, Chairman)
J D Wildman	
C J Blunt	
M Clinton	(USA) (Resigned 30 June 2019)
D Chirichella	(USA)
S P B Horne	(Resigned 31 December 2019)
G C Maurer	(USA)
T W Young	(USA)

Company Secretary

A L Nisbet

Registered Office

30 Panton Street
London
SW1Y 4AJ

Bankers

HSBC plc
Bank of America, N.A.

Solicitors

Taylor Wessing LLP
Foot Anstey LLP

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

The National Magazine Company Limited

Strategic report

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

Business review

The National Magazine Company Limited (the "Company") and its subsidiaries (the "Group" or "Hearst UK") are wholly owned subsidiaries of the Hearst Communications, Inc group ("Hearst").

Hearst UK, is a consumer media business, providing content and experiences via a network of quality platforms including websites, magazines and events. The Group reaches large targeted consumer audiences through its range of mediums and sells these target audiences to advertisers. Many of the Group's brands occupy market leading positions and this provides the strong platform to build digital growth and continue the revenue diversification of each brand.

Hearst UK's magazines recent 'ABCs' (audited circulation by the Audit Bureau of Circulation) were better than the competitive market with many brands gaining share within their individual markets. Hearst UK retained market leadership in each of its monthly magazine competitive sectors, through Good Housekeeping, Cosmopolitan, Country Living, Men's Health and Women's Health and has two of the top three luxury magazines with ELLE and Harper's Bazaar. Despite overall volume reduction in line with market trends, Hearst UK has been able to protect its revenue with a successful value and pricing strategy.

Digital revenues have continued to grow along with strong audience growth and an increase in new and existing commercial clients business. The focus of management remains on accelerating digital revenues and diversifying revenue streams whilst continuing to align costs with revenue trajectories and adopt more efficient and effective ways of working.

The Group produced an operating profit from continuing operations 2019 of £2.2m (2018: £0.7m). The gross margin percentage on continuing operations for 2019 was 45% (2018: 43%). The Group statement of cash flows on page 17 shows that the Group's cash flow decreased by £9.1m in 2019, mostly due to movements in working capital and pension contributions. In 2018 the £4.2m outflow was largely driven by office relocation costs.

Strategic report (continued)

The following key performance indicators are used by management to monitor the performance and financial position of the business: revenue, gross margin %, operating profit and cash on hand. The Group also tracks unique visitors (UVs) to measure digital audience and is developing metrics to measure engagement of those audiences e.g. launch of Engaged View Rate 'EVR' for branded content solutions.

KEY PERFORMANCE INDICATORS	2019	2018	Change
Revenues	140.6m	146.0m	(3.7%)
Gross Margin %	45%	43%	+2pts
Operating Profit	£2.2m	£0.7m	x2.3
Cash	£25.8m	£34.9m	(26%)
UVs, thousands (average monthly visitors)	61,676	52,582	+17%

As part of the programme to enhance employee engagement and satisfaction the Group holds quarterly 'All Staff' meetings to update all employees on the performance of the Group and to provide information on matters that may be of concern to them in addition to monthly CEO messages that are distributed to all employees via email. The Group also has the 'Hearst People Forum' made up of employees and members of the senior leadership team who meet monthly to discuss issues affecting the people and culture of the Group and to develop and implement new ideas and improvements.

Initiatives such as the establishment of our Diversity & Inclusion Steering Committee are helping to make sure that all sensitivities are represented at Hearst and create a culture that fosters a strong sense of belonging.

Hearst has launched the Hearst Charity Committee to coordinate all charity efforts across the Company, partnering with The Mental Health Foundation and helping raising money for several charities.

Future developments

The Group will continue to develop its magazine and online publishing business and diversify into other areas of complementary revenues organically and by acquisition and partnership. Developing revenue opportunities in video production coupled with a deeper knowledge of the customer will ensure growth for the Group whilst system and process enhancements will improve future performance and profitability.

Accreditation has been a pillar of the Group's diversification strategy and the Group has invested in an out-of-town facility to increase existing testing capacity. The new site was expected to be operational in the first quarter of 2020 but this has been delayed by the Covid-19 epidemic.

Activity has been impacted by the development of Covid-19. Lockdown has impacted newsstand distribution channels, with non-essential stores closed and travel outlets activity reduced, but grocery and convenience stores remained open. The Group also saw a growth in magazine subscriptions uptake.

Advertising revenues have been impacted as advertisers have reduced, cancelled or postponed activity.

Social distancing measures and the cancellation of mass gatherings have led to the cancellation of physical events.

Strategic report (continued)

Thanks to robust business continuity procedures, operations have not been disrupted. These procedures include the use of software developments for business critical tools with access via cloud or VPN to facilitate remote working and ensure that staff can perform their work at home. Management also made specific preparations for a full homeworking scenario prior to enforced lockdown.

No supply chain issues were identified and the Group has been able to produce, print and distribute all magazines on time.

The directors believe that the economic consequences from Covid-19 may have the following potential impacts on the financial statements for the year ending 31 December 2020, but at the date of approval of the financial statements it is not possible to quantify these impacts. A possible impairment of goodwill if the economic impacts affect future cash inflows and a possible increase in bad debts. Pension liabilities are likely to have increased as a result of a decrease in the discount rate and pension asset values likely to have fallen as a result of the recent volatility in equity markets. The net impact may be that the scheme may now be in deficit.

The directors have considered the business risks relating to Brexit and believe that the main risks relate to the potential economic impacts and consumer expenditure. In the supply chain the Group does rely on paper and ink from international suppliers to its magazine printers and on international printers though the risks are limited, and contingency plans have been developed.

Climate Change

The Group is committed to environmental sustainability and reducing its carbon footprint. Planet Hearst is a Hearst wide initiative that has been established to prioritise these challenges and to embed sustainability into the ways of working within the organisation. The Group was awarded an ISO 14001 certification in January 2019 and since the move in 2018 uses 100% renewable energy, contributes zero waste to landfill and employs a three-stream waste separation system. The Company is reviewing its environmental business practices and committed to further enhancing its sustainable practices. Hearst UK has pledged to replace plastic magazine bags with sustainably-sourced paper wraps for subscriber copies by January 2020.

Principal risks and uncertainties

The major short terms risks arise from Covid-19 which is discussed in the future developments section above.

Fluctuations in demand and increased online competition for advertising revenue could have a marked impact on profitability. However, the positioning of our magazine brands and our mixed portfolio of magazines and diversification into digital publishing, events and other revenues helps to manage the exposure to this risk.

As costs fluctuate with economic conditions and markets consolidate it is important that business planning is supported by cost and supplier stability. The Group works within Hearst's corporate structure on varied procurement initiatives to build long-term and successful supplier relationships which enable us to secure goods and services at the best quality and value over the long term.

Financial Risk

Due to the nature of the Group's business, and the assets and liabilities contained within the balance sheet, the principal financial risks that the directors consider relevant to the Group are credit risk and liquidity risk.

Credit risk is mitigated by the controls surrounding trade debtors, including obtaining credit insurance where appropriate. Whilst the current economic conditions create uncertainty, particularly over recoverability of the outstanding debts, the Group has an excellent record of recoverability.

Liquidity risk is mitigated by regular cash flow reviews to ensure the Group has sufficient cash resources to meet the operational requirements of the business. The Group benefits from financing provided by Hearst subsidiaries.

The Group is exposed to financial risk arising from the funding obligations to the Group's defined benefit pension plans. Details of the Group's pensions are set out in note 19.

The National Magazine Company Limited

Strategic report (continued)

Section 172(1) statement

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

– the likely consequences of any decision in the long term;

– the interests of the Company's employees;

– the need to foster the Company's business relationships with suppliers, customers and others;

– the impact of the Company's operations on the community and the environment;

– the desirability of the Company maintaining a reputation for high standards of business conduct; and

– the need to act fairly as between members of the Company,

The strategic report above sets out how the directors address these matters, positioning the portfolio for the long term, employee welfare and engagement, the attractiveness of the brands for customers, relationships with suppliers, and the impact on the environment through Planet Hearst. The directors seek to promulgate high standards by communicating the Company's values and adopting accreditations where possible. The Company has a single shareholder.

Approved by the Board and signed on its behalf on 29th June 2020.

J D Wildman

Director

The National Magazine Company Limited

Directors' report

The directors present their annual report, the audited financial statements and auditor's report of The National Magazine Company Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2019.

Business review and principal activities

A review of the business and its principal activities are set out in the Strategic Report on page 2.

Future developments and subsequent events

Details of future developments can be found in the Strategic Report on page 2, including the impact of Covid-19. There were no other material subsequent events.

Going concern

The group and the company recorded a loss for the year, and the group and company balance sheets show net liabilities. The group is funded through a term loan from a fellow subsidiary of Hearst Corporation Inc. ("Hearst"), Hearst Communications Inc., which is due to be repaid on 1st January 2023 and will require refinancing as the company does not have the financial resources to repay this obligation. The directors have made an assessment of the Company's and Group's need for financial support from Hearst, including an assessment of the impact of Covid-19, and have also made an assessment of the financial strength and ability of Hearst to provide such financial support as may be needed to ensure that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

The Directors' Covid-19 scenario planning currently indicates that the Group and the Company will see a reduction in revenues which will result in operating losses, but that the Company and the Group will not require additional funding from Hearst, but the losses will consume a large proportion of the Group's existing cash resources. The Directors have received confirmation of continued financial support from Hearst, should this prove necessary and on this basis the directors continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

Details of the principal risks and uncertainties and financial instruments are included in the Strategic Report.

Dividends

The directors do not propose a dividend to be paid for the year 31 December 2019. Dividends paid for the year 31 December 2018 were £nil.

Employees

Details of the number of employees and related costs can be found in Note 5 to the financial statements on page 28.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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 that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Group participates in its parent company's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings, intranet and newsletters. Further information is provided in the Strategic Report on page 3.

Directors

The directors of the Company during the year and to the date of this report are listed on page 1.

Directors' report (continued)

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. The provision in force covers all directors of the Company and all companies within the group owned by the ultimate parent The Hearst Corporation, a company incorporated in the United States of America

Auditor

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

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf on 29th June 2020.

J D Wildman
Director

Director's 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of The National Magazine Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The National Magazine Company (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 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group and parent Company balance sheets;
- the Group and parent Company Statements of Changes in Equity;
- the Group Cash Flow Statement; and
- the related notes 1 to 30

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of The National Magazine Company Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Independent auditor's report to the members of The National Magazine Company Limited (continued)

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.

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

29th June 2020

The National Magazine Company Limited

Group Income Statement
For the year ended 31 December 2019

	Notes	Total 2019 £'000	Continuing Operations 2018 £'000	Discontinued operations 2018 £'000	Total 2018 £'000
Turnover					
Existing operations	3	140,639	146,037	-	146,037
Cost of sales		(77,052)	(82,581)	-	(82,581)
Gross profit		**63,587**	**63,456**	-	**63,456**
Other Operating Expenses	8	(61,351)	(62,782)	(2,443)	(65,225)
		2,236	674	(2,443)	(1,769)
Operating Profit/(Loss)					
Profit/(Loss) before interest		**2,236**	**674**	**(2,443)**	**(1,769)**
Interest receivable and similar income	6	4,867	4,491	-	4,491
Interest payable and similar expenses	7	(9,077)	(8,512)	(189)	(8,701)
Loss before taxation		**(1,974)**	**(3,347)**	**(2,632)**	**(5,979)**
Tax on profit/loss	9	835	(1,238)	-	(1,238)
Loss after taxation		**(1,139)**	**(4,585)**	**(2,632)**	**(7,217)**
Equity minority interests	23	(197)	(523)	909	386
Loss for the financial year		**(1,336)**	**(5,108)**	**(1,723)**	**(6,831)**

The National Magazine Company Limited

Group Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Loss for the financial year		(1,336)	(6,831)
Remeasurement of net defined benefit liability	19	(102)	(2,743)
		(1,438)	(9,574)
UK deferred tax attributable to actuarial loss	9	3	(90)
Total comprehensive loss		(1,435)	(9,664)
Total comprehensive loss) for the period attributable to:			
Minority interest		(30)	295
Equity shareholders of the Company		(1,405)	(9,959)
		(1,435)	**(9,664)**

The National Magazine Company Limited

Group Balance Sheet
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	38,378	42,525
Tangible assets	11	10,120	10,495
Pension assets	19	2,363	-
		50,861	53,020
Current assets			
Stocks	13	1,115	1,280
Debtors: due within one year	14	45,381	37,166
Cash at bank and in hand		25,820	34,934
		72,316	73,380
Current liabilities			
Creditors: due within one year	15	(38,705)	(44,707)
Net current assets		33,611	28,673
Total assets less current liabilities		84,472	81,693
Creditors: amounts falling due after more than one year	16	(94,543)	(90,039)
Provisions for liabilities	17	(2,303)	(1,790)
Net liabilities excluding pension liability		(12,374)	(10,136)
Pension liability, net of deferred tax	19	-	(1,000)
Net liabilities		(12,374)	(11,136)
Capital and reserves			
Called up share capital	20	283	283
Profit and loss account	21	(14,500)	(13,065)
Unrealised reserve	21	-	-
Shareholders' deficit	22	(14,217)	(12,782)
Equity minority interests	23	1,843	1,646
		(12,374)	(11,136)

The financial statements of The National Magazine Company Limited registered number 00112955 were approved by the Board of Directors and authorised for issue on 29th June 2020.

They were signed on its behalf by:

J D Wildman
Director

The National Magazine Company Limited

Company Balance Sheet
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	35,883	39,469
Tangible assets	11	10,120	10,495
Investments in subsidiaries	12	5,658	5,658
Pension Assets	19	1,640	-
		53,301	55,622
Current assets			
Stocks	13	982	1,196
Debtors: due within one year	14	45,352	39,579
Cash at bank and in hand		20,122	30,954
		66,456	71,729
Current liabilities			
Creditors: due within one year	15	(34,610)	(43,955)
Net current assets		31,846	27,774
Total assets less current liabilities		85,147	83,396
Creditors: amounts falling due after more than one year	16	(94,543)	(90,039)
Provisions for liabilities	17	(2,303)	(1,790)
Net liabilities excluding pension liability		(11,699)	(8,434)
Pension liability, net of deferred tax	19	-	(695)
Net liabilities		(11,699)	(9,129)
Capital and reserves			
Called up share capital	20	283	283
Profit and loss account	21	(21,385)	(18,815)
Unrealised reserve	21	9,403	9,403
Shareholders' deficit		(11,699)	(9,129)
		(11,699)	(9,129)

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss after tax for the financial year was £2,557,196 (2018 £4,996,664 loss).The financial statements of The National Magazine Company Limited registered number 00112955 were approved by the Board of Directors and authorised for issue on 29th June 2020.

They were signed on its behalf by:

J D Wildman
Director

The National Magazine Company Limited

Group statement of changes in equity
For the year ended 31 December 2019

	Note	Equity attributable to equity shareholders of the Company				
		Called-up share capital £'000	Profit and loss account £'000	Total £'000	Non-controlling interest £'000	Total £'000
At 1 January 2018		283	(3,401)	(3,118)	(2,066)	(5,184)
Loss for the financial year		-	(6,831)	(6,831)	(386)	(7,217)
Remeasurement of net defined benefit liability	19	-	(2,743)	(2,743)	-	(2,743)
Tax relating to items of other comprehensive loss		-	(90)	(90)	-	(90)
Total comprehensive loss			**(9,664)**	**(9,664)**	**(386)**	**(10,050)**
Capital contribution from minority		-	-	-	4,160	4,160
Recognition of minority interest on acquiring control of Hearst UK Limited		-	-	-	(62)	(62)
At 31 December 2018		**283**	**(13,065)**	**(12,782)**	**1,646**	**(11,136)**
Loss for the financial year		-	(1,336)	(1,336)	197	(1,139)
Remeasurement of net defined benefit liability	19	-	(102)	(102)	-	(102)
Tax relating to items of other comprehensive loss		-	3	3	-	3
Total comprehensive loss		-	(1,435)	(1,435)	197	(1,238)
At 31 December 2019		**283**	**(14,500)**	**(14,217)**	**1,843**	**(12,374)**

The National Magazine Company Limited

Company statement of changes in equity
For the year ended 31 December 2019

	Note	Called-up share capital £'000	Profit and loss account £'000	Unrealised reserve £'000	Total £'000
At 1 January 2018		283	(13,588)	9,403	(3,902)
Loss for the financial year		-	(4,997)	-	(4,997)
Remeasurement of net defined benefit liability	21	-	(230)	-	(230)
Total comprehensive income		-	(5,227)	-	(5,227)
At 31 December 2018		**283**	**(18,815)**	**9,403**	**(9,129)**
Loss for the financial year			(2,557)		(2,557)
Remeasurement of net defined benefit liability	21	-	(13)	-	(13)
Total comprehensive loss		-	**(2,570)**	-	**(2,570)**
At 31 December 2019		**283**	**(21,385)**	**9,403**	**(11,699)**

The National Magazine Company Limited

Group cash flow statement
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Net cash flows from operating activities	24	(8,238)	5,562
Cash flows from investing activities			
Purchase of Intangible Assets		-	(813)
Cash acquired on taking control of Hearst UK Limited		-	1,470
Purchase of equipment		(1,072)	(10,541)
Interest paid		(3)	(15)
Interest received		199	145
Net cash flows from investing activities		(876)	(9,754)
Decrease in cash and cash equivalents		(9,114)	(4,192)
Cash at beginning of year		34,934	39,126
Cash at end of year		25,820	34,934

Notes to the financial statements
For the year ended 31 December 2019

1. Going concern basis

The Group's business activities, together with the factors likely to affect its future development, principal risks and uncertainties, performance and position are set out in the Strategic Report and Directors' Report.

The group and the company recorded a loss for the year, and the group and company balance sheets show net liabilities. The group is funded through a term loan from a fellow subsidiary of The Hearst Corporation ("Hearst"), Hearst Communications Inc., which is due to be repaid on 1st January 2023 and will require refinancing as the Company does not have the financial resources to repay this obligation. The directors have made an assessment of the Company's and Group's need for financial support from Hearst, including an assessment of the impact of Covid-19, and have also made an assessment of the financial strength and ability of Hearst to provide such financial support as may be needed to ensure that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

As described further in the Strategic Report and the Directors' Report, the Directors' Covid-19 scenario planning currently indicates that the Group and the Company will see a reduction in revenues which will result in operating losses, but that the Company and the Group will not require additional funding from Hearst, but the losses will consume a large proportion of the Group's existing cash resources. The Directors have received confirmation of continued financial support from Hearst, should this prove necessary and on this basis the directors continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies

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

General information and basis of accounting

The National Magazine Company Limited (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 and Wales. The address of the Company's registered office is shown on page 1 of these financial statements.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 2 to 5.

The 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 and the requirements of the Companies Act 2006.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the 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 National Magazine Company Limited 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 the presentation of a separate company only income statement, company only financial instruments, presentation of a company only statement of cash flows and company only remuneration of key management personnel. The Group financial statements can be obtained from 30 Panton Street, London, SW1Y 4AJ.

Notes to the financial statements
For the year ended 31 December 2019

2. Accounting policies (continued)

Critical judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, 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.

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.

Critical judgements and key sources of estimation uncertainty (continued)

Key source of estimation uncertainty – level of "sale or return" provision

The provision for returns for magazines sold on a "sale or return" basis is deemed to be an area of uncertainty given the nature of the balance and the levels of estimation required and the carrying amount at year-end for the Company is £8.6m (2018: £8.8m).

The carrying amount at year-end for the Group is £9.9m (2018: £10.0m).

Key source of estimation uncertainty – impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated.

The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate a present value. The carrying amount of goodwill at the balance sheet date was £25,368k (2018: £27,226k) and no goodwill impairment loss was recognised in 2019 (2018: £nil).

Due to fluctuations associated with discount rates, or as a result from changes in the directors' estimates of cashflows, there is a possibility that the valuation of goodwill and intangible assets at a future date may differ from the valuation determined for the purposes of these financial statements. For example, an increase in the discount rate by 1% decreases headroom by £4.8m from £6.9m to £2.1m for all goodwill and intangible assets with a net book value, and there remains no impairment.

Key source of estimation uncertainty – pension liability and pension asset

Estimates and assumptions related to the pension liability and pension asset are measured on an actuarial basis. The actuarial valuations are obtained triennially and updated at each balance sheet date. Due to the uncertainty of valuations associated with the pension scheme, there is a possibility that the final outcome of pension assets and liabilities may differ significantly. The valuation is affected by the discount rate, inflation rate and change in mortality rate. The largest variances would occur with;

- A decrease in discount rate by 0.25% equates to an increase of £9.9m in net defined benefit liability.
- An increase in inflation rate of 0.25% equates to an increase of £6.1m in net defined benefit liability.

No critical judgements were made by management in application of the accounting policies of the Group, other than the continued adoption of the going concern basis as described in note 1.

Notes to the financial statements (continued)
31 December 2019

2. Accounting policies (continued)

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Minority interests in the net assets of Group subsidiaries are identified separately from the Group's equity therein.

Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group.

Business combinations are accounted for under the purchase method. The result of subsidiaries acquired or disposed of during the year are included in the Group income statement from effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Accounting for joint ventures

The group's distribution joint venture Conde Nast & National Magazine Distributors Ltd ceased operations in 2017, and the joint venture partners now contribute their share of funding to the pension scheme.

The gross equity basis of accounting has been applied. Therefore, the Group's share of joint venture operating profit or loss is included within Group results. In addition, the Group's share of gross assets and liabilities together with goodwill are included within Group net assets/liabilities.

Intangible assets: Goodwill

Goodwill arising on businesses purchased is capitalised in the year in which it arises and amortised on a straight-line basis over its estimated useful life. Where a reliable estimate of the useful economic life cannot be made, the useful life has been determined to be 10 years in line with FRS 102.

Where reliable estimates can be made, the life ranges from 10 to 20 years. The goodwill is reviewed for impairment at the end of each reporting period and provision is made for any impairment.

Intangible fixed assets

Intangible assets arising on acquisition are assigned amortisation rates dependent on their useful economic lives and are amortised using the straight-line method. These assets include domain names and trademarks, customer relationships and databases and other intangible assets. The intangible assets are reviewed for impairment at the end of each reporting period and provision is made for any impairment.

Where a reliable estimate of the useful economic life cannot be made, the useful life has been deemed as 10 years in line with FRS 102.

Goodwill	-	20 years
Domain Names and Trademarks	-	10 – 20 years
Customer Relationships	-	10 years
Other Intangibles	-	2 – 20 years

Notes to the financial statements (continued)
31 December 2019

2. Accounting policies (continued)

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.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

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

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

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

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.

2. Accounting policies (continued)

Financial instruments (continued)

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Tangible fixed assets

Tangible fixed assets are recorded at purchase cost, together with any incidental costs of acquisition. Provision is made for any impairment.

The principal annual rates used for this purpose are below and depreciated using the straight-line method:

Leasehold improvements	-	Over the lease term
Motor vehicles	-	20 to 33 per cent per annum
Furniture, fixtures and fittings and equipment	-	10 to 20 per cent per annum

Short-term leasehold properties and improvements thereto are amortised over 15 years or, if shorter, the period of the lease.

Investments

Investments are stated at cost less any provision for impairment in value.

Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost is determined on a "first-in, first-out" basis. Where necessary, provision is made for obsolete and slow-moving stocks.

Finance and operating leases

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is recorded as an outstanding obligation and the interest element is charged against profit. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful economic lives of the assets.

Operating lease rentals are charged to the income statement on a straight-line basis over the lease term. Benefits received as an incentive to sign an operating lease are similarly spread on a straight-line basis.

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the Group which is sterling at the rates ruling at the dates of the transactions or, if hedged, at the forward contract rate.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date or, if appropriate, at the forward contract rate. These translation differences are dealt with in the income statement.

2. Accounting policies (continued)

Turnover

Turnover, which excludes value added tax, sales between Group companies and trade discounts, represents the invoiced value of goods and services supplied and accrued sales not yet invoiced and is stated net of the provision for returns.

Newstrade circulation and advertising revenue relating to a magazine are recognised as at the on-sale date of the magazine.

Subscription revenues are shown as deferred income and released to the income statement over the life of the subscription, in accordance with the on-sale date of the magazine. Distribution revenue is recognised in accordance with the on-sale date of the magazine.

Digital advertising revenue is recognised rateably over the term of the advertising campaign.

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

2. Accounting policies (continued)

Taxation (continued)

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date.

Pension costs

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Notes to the financial statements (continued)
31 December 2019

2. Accounting policies (continued)

Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)
31 December 2019

3. Turnover

All turnover of the Group originates in the United Kingdom. The turnover of the Group by geographical area of destination in respect of its principal activities is set out below:

	Total 2019 £'000	Total 2018 £'000
United Kingdom	126,808	122,986
Rest of Europe	8,922	13,063
USA/Canada	1,000	9,662
Australia/ New Zealand	16	14
Rest of the world	3,893	312
	140,639	146,037

4. Directors' emoluments

	2019 £'000	2018 £'000
Emoluments	1,698	1,393
Amounts receivable (other than shares and share options under long-term incentive schemes	120	27
Company contributions to money purchase scheme	6	6
	1,824	**1,426**

The number of directors who:

	2019 No.	2018 No.
Are members of a money purchase pension scheme	1	1
Are members of a defined benefit pension scheme	-	-

Notes to the financial statements (continued)
31 December 2019

4. Directors' emoluments (continued)

Remuneration of the highest paid director:

	2019 £'000	2018 £'000
Emoluments	1,210	932
	1,210	**932**

5. Employee information

The average monthly number of staff (including executive directors) employed by the Group during the year was:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Central	138	141	136	136
Editorial	366	371	322	324
Sales	282	295	280	286
	786	807	738	745

Staff costs (including executive directors) incurred during the year in respect of employees were:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	45,384	50,470	43,073	48,317
Social security costs	4,158	4,106	3,934	3,805
Other Pension Costs (see note 19)	5,827	4,257	4,463	2,950
	55,369	58,833	51,470	55,072

'Other pension costs' includes only those defined benefit scheme costs included within operating costs and the defined contribution scheme charge.

The National Magazine Company Limited

Notes to the financial statements (continued)
31 December 2019

6. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable from bank	199	145
Interest on defined benefit plan assets	4,599	4,346
Foreign exchange gain	69	-
	4,867	4,491

7. Interest payable and similar expenses

	2019 £'000	Total 2018 £'000
Interest payable to bank	3	15
Interest payable on loan	4,502	4,350
Interest on defined benefit obligations	4,572	4,336
	9,077	8,701

8. Loss before taxation

The loss before taxation of £ 1,974,374 (2018: £1,769,067 loss) is stated after charging/(crediting) the following:

	2019 £'000	2018 £'000
Distribution Costs	21,471	26,219
Depreciation of tangible fixed assets	1,169	982
Amortisation of goodwill	1,857	2,004
Amortisation of other intangible assets	2,290	2,040
Operating lease rentals	4,925	7,554
Foreign exchange (gains)/losses	(69)	45
Other administrative expenses	32,856	28,722
Total administrative expenses	43,028	41,346
Other operating income	(3,148)	(2,340)
Net Operating Expenses	61,351	65,225

The analysis of auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	206	214
Fees payable to the Company's auditor for other services to the Group:		
- The audit of the Company's subsidiaries pursuant to legislation	64	81
Total audit fees	270	295

Notes to the financial statements (continued)
31 December 2019

9. Tax on loss

The tax charge comprises:

	2019 £'000	2018 £'000
Analysis of tax charge		
United Kingdom corporation tax at 19% (2018: 19%)		
Current year	52	763
Adjustment in respect of prior years	(1,114)	(4)
	(1,062)	759
Deferred tax at 19% (2018: 19.00%)		
Current year	203	516
Adjustment in respect of prior year	45	(37)
Tax rate changes	(21)	-
Total tax on loss	(835)	1,238

Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	(1,974)	(5,979)
Tax at 19% (2018: 19%)	(375)	(1,042)
Effects of:		
Expenses not deductible for tax purposes	947	1,994
Group Relief	-	2
Prior year adjustments	(1,070)	(42)
Impact of rate change	(21)	(61)
Income not taxable	-	(8)
Losses	44	514
Other	-	(119)
Deferred tax not provided	(361)	-
Total tax charge for the year	(836)	1,238

The Company's profits for this accounting period are taxed at a rate of 19%. The standard rate of Corporation Tax was due to fall further to 17% with effect from 1 April 2020 and therefore closing deferred tax balances are stated at 17%. It was announced in the UK Budget on 11 March 2020 that the reduction to 17% would not take place and that the rate would remain at 19%. However, this change was not substantively enacted until 17 March 2020 which was after the balance sheet date and as such deferred tax balances continue to be recognised at 17%.

There is no expiry date on timing differences, unused losses or tax credits.

The National Magazine Company Limited

Notes to the financial statements (continued)
31 December 2019

10. Intangible fixed assets

Group	Goodwill	Domain names and trademarks	Customer relationships and databases	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	97,484	17,157	14,568	14,194	143,403
Additions	-	-	-	-	-
At 31 December 2019	97,484	17,157	14,568	14,194	143,403
Amortisation					
At 1 January 2019	(70,258)	(8,292)	(12,450)	(9,879)	(100,879)
Charge for year	(1,858)	(739)	(828)	(722)	(4,147)
Disposals					
At 31 December 2019	(72,116)	(9,031)	(13,278)	(10,601)	(105,026)
Net book value					
At 31 December 2019	25,368	8,126	1,290	3,593	38,378
At 31 December 2018	27,226	8,865	2,118	4,315	42,525

Company	Goodwill	Domain names and trademarks	Customer relationships and databases	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	49,296	40,787	10,400	6,985	107,468
Additions			25	503	528
At 31 December 2019	49,296	40,787	10,425	7,488	107,996
Amortisation					
At 1 January 2019	(25,193)	(31,253)	(8,333)	(3,220)	(67,999)
Charge for year	(1,657)	(1,043)	(800)	(615)	(4,115)
Disposals					
At 31 December 2019	(26,850)	(32,296)	(9,133)	(3,835)	(72,114)
Net book value					
At 31 December 2019	22,446	8,491	1,292	3,653	35,883
At 31 December 2018	24,103	9,534	2,067	3,765	39,469

Notes to the financial statements (continued)
31 December 2019

10. Intangible fixed assets (continued)

The brands acquired from Lagardere (Elle, Elle Deco and Red) which were purchased in 2011, are considered material to the Group. The carrying amount as at 31 December 2019 was £34.4m (31 December 2018: £38.1m) and the brand has an estimated remaining useful life of 11 years.

The Best brand, which was purchased in 2008, is considered material to the Company. The carrying amount as at 31 December 2019 was £4.2m (31 December 2018: £4.8m) and the brand has an estimated remaining useful life of 9 years.

The Befit and Salon QP brands were purchased in December 2019 by the Company from Hearst UK Events Ltd at a net book value of £528,000. The trademark of Befit/Befit London under the category of Other Intangibles was fully impaired in December 2019, when the net book value was £313,500.

11. Tangible fixed assets

Group	Leasehold Improvements £'000	Motor vehicles £'000	Furniture, fixtures, fittings and equipment £'000	Construction in progress £'000	Total £'000
Cost					
At 1 January 2019	11,813	15	6,397	-	18,225
Additions	555	-	445	72	1,072
Disposals	(58)	(15)	(76)	-	(149)
At 31 December 2019	12,310	-	6,766	72	19,148
Depreciation					
At 1 January 2019	(3,273)	(15)	(4,442)	-	(7,730)
Charge for year	(739)	-	(708)	-	(1,447)
Disposals	58	15	76	-	149
At 31 December 2019	(3,954)	-	(5,074)	-	(9,028)
Net book value					
At 31 December 2019	8,356	-	1,692	72	10,120
At 31 December 2018	8,540	-	1,955	-	10,495

11. Tangible fixed assets (continued)

Company	Short-term leasehold and improvements	Motor vehicles	Furniture, fixtures, fittings and equipment	Construction in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	11,753	15	6,323	-	18,091
Additions	555	-	445	72	1,072
Disposals	-	(15)	-	-	(15)
At 31 December 2019	12,308	-	6,768	72	19,148
Depreciation					
At 1 January 2019	(3,215)	(15)	(4,366)	-	(7,596)
Charge for year	(739)	-	(707)	-	(1,446)
Disposals	-	15	-	-	15
At 31 December 2019	(3,954)	-	(5,073)	-	(9,027)
Net book value					
At 31 December 2019	8,354	-	1,695	72	10,120
At 31 December 2018	8,538	-	1,957	-	10,495

12. Investments in subsidiaries

Company	Interest in subsidiary undertaking £'000
Cost	
At 1 January 2019	5,658
At 31 December 2019	5,658
Charge for the year	-
At 31 December 2019	5,658
Closing Balance	
At 31 December 2019	5,658
At 31 December 2018	5,658

Notes to the financial statements (continued)
31 December 2019

12. Investments in subsidiaries (continued)

Interests in subsidiary undertakings

Name of undertaking	Country of incorporation	Description of share held	Proportion of nominal value of issued shares held by Company %
Condé Nast & National Magazine Distributors Limited	United Kingdom	Ordinary Shares of £1 each	65
Handbag.com Limited	United Kingdom	Ordinary Shares of £1 each	100
Hearst UK Limited	United Kingdom	Ordinary Shares of £1 each	50.1
Hearst UK Events Limited	United Kingdom	Ordinary Shares of £1 each	100
Edited Financial Services Limited	United Kingdom	Ordinary Shares of £1 each	100

The registered address of all the undertakings above is 30 Panton Street, London SW1Y 4AJ.

All subsidiary undertakings have been included in the consolidation.

The principal business activity of Condé Nast & National Magazine Distributors Limited since the closure of the distribution business is to make contributions to the pension fund for the benefit of former employees.

The principal activity of Handbag.com Limited is the operation of websites targeted at women. This subsidiary (Company Number 03819979) has taken advantage of the s479A exemption from audit.

Edited Financial Services Limited acts as a marketing agent for an insurance broker.

Hearst UK Limited is a consumer media business, providing content and experiences via a network of quality platforms including magazines, events and websites.

Hearst Events Limited owned the intangible assets relating to Befit and Salon QP until they were transferred to the Company in December 2019.

13. Stocks

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Raw material and consumables	565	365	433	282
Work-in-progress	550	915	549	914
	1,115	1,280	982	1,196

Notes to the financial statements (continued)
31 December 2019

14. Debtors: amounts falling due within one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	29,550	26,568	26,644	24,850
Amounts owed by Group undertakings	8,727	8,105	11,674	12,401
Prepayments and accrued income	5,188	1,373	5,072	1,343
Deferred tax (see note 18)	301	525	298	489
Other debtors	566	595	349	495
Corporate tax	1,049	-	1,315	-
	45,381	37,166	45,352	39,579

Trade debtors for the Company is stated net of the sale or return provision £8,601,962 (2018: £8,899,429) and includes an amount of £24,210,785 (2018: £25,390,518) for accrued sales for goods delivered but not billed.

Trade debtors for the Group is stated net of the sale or return provision £9,927,075 (2018: £10,104,916) and includes an amount of £27,938,341 (2018: £27,878,587) for accrued sales for goods delivered but not billed.

There is no interest charged on the amount owed by Group undertakings. There are no formal repayment terms and therefore the directors disclose this balance as receivable within one year. The amounts owed by Group are from subsidiary undertakings of The Hearst Corporation, the ultimate parent, details can be found in note 28.

15. Creditors: amounts falling due within one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	916	5,423	716	4,732
Amounts owed to Group undertakings	2,940	1,369	3,189	4,833
Corporate tax	-	656	-	171
Other taxation and social security payable	68	-	-	-
Other creditors	926	-	135	-
Accruals and deferred income	33,855	37,259	30,570	34,219
Deferred tax	-	-	-	-
	38,705	44,707	34,610	43,955

The amounts owed to Group undertakings is interest free and there are no formal repayment terms and therefore the directors are required under FRS 102 to disclose this balance as payable within one year. The amounts owed to Group are to subsidiary undertakings of The Hearst Corporation, the ultimate parent, details can be found in note 28.

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

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loan to Hearst group companies	94,543	90,039	94,543	90,039
	94,543	90,039	94,543	90,039

The unsecured loan due to Hearst Investments LP as at 31 December 2019 was £94,541,248 which is the principal amount of £67,188,700 and accrued interest of £27,352,548. The loan is repayable by 1st January 2023. Interest at 5% is payable on repayment of the capital.

17. Provisions for liabilities

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Dilapidations provision	2,303	1,790	2,303	1,790
	2,303	1,790	2,303	1,790

The dilapidations provision relates to a 15-year office building lease which started in 2018 when the Company moved to new offices in 30 Panton Street, London. It is expected to be utilised at the end of the lease, currently January 2033.

18. Deferred tax

There is a deferred tax asset of £300,747 (2018: asset of £525,000) in respect of short and long-term timing differences.

	Group	
	2019	2018
	£'000	£'000
Movement on deferred taxation balance in the year		
Opening balance: asset	525	666
Charge to income statement	(182)	(516)
Prior year adjustments	(45)	53
Movement due to change in pensions	3	322
Closing balance	301	525
Analysis of deferred tax balance		
Depreciation in excess of capital allowances	132	338
Short-term timing differences	(339)	510
Losses	508	-
	301	848
Deferred tax on pension liability	-	(323)
Total deferred tax (liability)/asset	301	525

Notes to the financial statements (continued)
31 December 2019

18. Deferred tax (continued)

There are unrecognised deferred tax assets in Conde Nast and National Magazine Distributors Limited of £8,049,615 (2018: £1,146,907), which management do not believe to be recoverable against future taxable profits.

The company has deferred tax assets recoverable within 12 months of £515,126 and deferred tax payable within 12 months of £217,263.

	Company	
	2019	2018
	£'000	£'000
Movement on deferred taxation balance in the year		
Opening balance: asset	489	666
Charge to income statement	(176)	(533)
Prior year adjustments	(18)	33
Movement due to change in pensions	3	323
Closing balance	298	489
Analysis of deferred tax balance		
Depreciation in excess of capital allowances	130	335
Short-term timing differences	(217)	477
Losses	385	-
	298	812
Deferred tax on pension liability	-	(323)
Total deferred tax (liability)/asset	298	489

19. Pensions

The Group operates a funded and unfunded defined benefit pension scheme and defined contribution pension schemes for its employees.

Defined contribution scheme

The Group operates a defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2019 was £1,855,298 (2018: £1,588,450).

Defined benefit scheme

The assets of the scheme are held separately from those of the Group, being invested with unit trust managers. The pensions cost for the Group's defined benefit pension schemes is calculated in accordance with the requirements of Financial Reporting Standard 102 ("FRS 102").

The Group disclosures below relate to the National Magazine Company Limited and Condé Nast and National Magazine Distributors Limited where the company disclosures relate solely to the National Magazine Company Limited. The assets and liabilities, benefit payments, expenses, life assurance premiums and the interest income and expense for the main scheme have been split in proportion to each employer's share of the liabilities. This has been determined by the scheme actuary as at 1 April 2017 using the estimate of the technical provisions in the main scheme's actuarial valuation and individual member data from the scheme administrator. Actual contributions are allocated in line with the split provided by the scheme administrator and the schedule of contributions.

Notes to the financial statements (continued)
31 December 2019

19. Pensions (continued)

The employer's contribution to the Group's defined benefit pension scheme was £3,972,000 (2018: £4,257,000) of which £2,703,000 (2018: £2,950,000) related to National Magazine employees and £1,269,000 (2018: £1,307,000) related to employees within its subsidiary undertakings and to other related scheme members. The pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit credit method. This will be formally agreed at the trustee meeting due to be held in September 2020.

The scheme was reviewed on 31 December 2019. The assumptions that have the most significant effect on the results of the 31 December 2019 accounting valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the discount rate would be 2.10% per annum, that salary increases would average 3.00% per annum and that present and future pensions earned in respect of service between 6 April 1997 and 5 April 2005 would increase at the rate of 2.85% per annum.

At the date of the latest actuarial valuation on 12 February 2020, the net defined benefit asset of the Group was £2,363,000 (February 2019 net defined benefit liability: £1,000,000). The market value of the scheme's assets attributable to the Group was £180,801,000 as at 15 February 2019 (February 2019: £155,806,000). The total past service liability was £178,438,000 (February 2019: £156,806,000). Based on the actuarial value of the scheme's assets, the level of funding i.e. the ratio of the assets to the accrued liabilities based on expected salaries at retirement, was 1.1 (February 2019: 0.99) at the valuation date.

Key Assumptions:

	2019	2018
Inflation assumption	3.00%	3.25%
Rate of increase in salaries	3.00%	3.25%
Rate of 5% LPI pension increases	2.85%	3.05%
Discount rate	2.10%	2.95%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Weighted average assumptions used to determine benefit obligations:

	2019	2018
Discount rate	2.10%	2.95%
Rate of increase in salaries	3.00%	3.25%

Weighted average assumptions used to determine pension expense for year ended:

	2019	2018
Discount rate	2.95%	2.60%

Notes to the financial statements (continued)
31 December 2019

19. Pensions (continued)

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	2019	2018
Male		
Member age 65 (current life expectancy)	23.4	23.4
Member age 45 (life expectancy at 65)	24.1	24
Female		
Member age 65 (current life expectancy)	24.7	24.7
Member age 45 (life expectancy at 65)	26.2	26.2

Defined benefit pension plans

Amounts recognised in the income statement in respect of these defined benefit schemes are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Current service cost	(534)	(712)	(371)	(494)
Interest on pension scheme liabilities	27	10	19	7
Total pension credit recognised in The National Magazine Company's Group income statement	(507)	(702)	(352)	(487)

Amounts recognised in the statement of comprehensive income (SOCI) in respect of these defined benefit schemes are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Actuarial gain/(loss) relating to the pension scheme	23,629	(11,938)	16,461	(8,283)
Effect of changes in assumptions	(23,428)	9,939	(16,266)	6,901
Effect of experience adjustments	(303)	(744)	(211)	(517)
Actuarial loss recognised in the SOCI	(102)	(2,743)	(16)	(1,899)

The amounts recognised in the income statement in respect of these defined benefit schemes are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Current service cost	(534)	(712)	(371)	(494)
Net Interest cost	27	10	19	7
	(507)	(702)	(352)	(487)
Recognised in statement of comprehensive income	102	2,743	16	1,899
Total (Loss)/gain relating to defined benefit scheme	(405)	2,041	(336)	1,412

Notes to the financial statements (continued)
31 December 2019

19. Pensions (continued)

The amounts recognised in the balance sheet from the Group's obligations in respect of its defined benefit schemes are as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Present value of funded obligations	178,438	156,806	123,890	108,871
Present value of unfunded obligations	-	-	-	-
Present value of defined benefit obligation	178,438	156,806	123,890	108,871
Fair value of plan assets	(180,801)	(155,806)	(125,530)	(108,176)
Net liability	(2,363)	1,000	(1,640)	695

Changes in the present value of the benefit obligation are as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Opening defined benefit obligation	156,806	168,486	108,871	116,980
Interest cost	4,572	4,335	3.174	3,010
Benefits paid	(6,671)	(7,547)	(4,632)	(5,240)
Plan member contributions	-	-	-	-
Effect of changes in assumptions	23,428	(9,939)	16,266	(6,901)
Effect of experience adjustments	303	744	211	517
Gain/Loss on settlement	-	727	-	505
Closing defined benefit obligation	178,438	156,806	123,890	108,871

Changes in the fair value of plan assets are as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Opening fair value of defined benefit plan assets	155,806	167,401	108,176	116,226
Interest income	4,599	4,345	3,193	3,017
Contributions by employer	3,972	4,257	2,703	2,950
Contributions by members	-	-	-	-
Benefits paid from plan assets	(6,671)	(7,547)	(4,632)	(5,240)
Expenses paid	(534)	(712)	(371)	(494)
Return on plan assets (excluding interest income)	23,629	(11,938)	16,461	(8,283)
Closing fair value of defined benefit plan assets	180,801	155,806	125,530	108,176

Notes to the financial statements (continued)
31 December 2019

19. Pensions (continued)

Amounts recognised in the balance sheet

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit obligation	178,438	156,806	123,890	108,871
Fair value of plan assets	(180,801)	(155,806)	(125,530)	(108,176)
Defined benefit (asset)/liability	(2,363)	1,000	(1,640)	695

The major categories of plan assets as a percentage of total plan assets are as follows:

	2019	2018
The asset allocations at the year-end were as follows:		
Equities	67.38%	59.01%
Bonds	17.33%	14.84%
Other	15.29%	26.15%
	100%	100%

20. Called-up share capital

	2019	2018
	£'000	£'000
Authorised:		
300,000 ordinary shares of £1 each	300	300
Allotted, called up and fully paid:		
283,392 ordinary shares of £1 each (2018: 283,392)	283	283

21. Reserves

	Profit and loss account £'000
Group	
At 1 January 2019	(13,065)
Loss for the year	(1,336)
Remeasurement of net defined benefit liability	(99)
At 31 December 2019	(14,500)
Company:	
At 1 January 2019	(18,815)
Loss for the year	(2,557)
Remeasurement of net defined benefit liability	(13)
At 31 December 2019	(21,385)

Notes to the financial statements (continued)
31 December 2019

21. Reserves (continued)

	Unrealised reserve £'000
At 1 January 2019 and 31 December 2019	9,403

The unrealised reserve relates to unrealised gain on disposal of Best to ACP-NatMag Partnership on 1 January 2005.

22. Reconciliation of movements in Group shareholders' funds

	2019 £'000	2018 £'000
Loss for the financial year	(1,336)	(6,831)
Remeasurement of net defined benefit liability	(99)	(2,833)
Net (decrease)/increase in shareholders' funds	(1,435)	(9,664)
Opening shareholders' deficit	(12,782)	(3,118)
Closing shareholders' deficit	(14,217)	(12,782)

23. Equity minority interests

	2019 £'000	2018 £'000
At 1 January 2019	1,646	(2,066)
Recognition of minority interest on acquiring control of Hearst UK Limited	-	(62)
Income Statement – Conde Nast & National Magazine Distributors Limited & Hearst UK Limited	197	(386)
Minority interest on Conde Nast loan capital contribution	-	4,160
At 31 December 2019	1,843	1,646

Equity minority interests comprise 35% of the ordinary shares of £1 each in Condé Nast & National Magazine Distributors Limited and 49.9% of ordinary shares of £1 each in Hearst UK Limited. The shares do not entitle the holders to any rights against other Group companies.

Notes to the financial statements (continued)
31 December 2019

24. Reconciliation of group operating profit to net cash inflow from operating activities

	2019 £'000	2018 £'000
Operating profit/(loss)	2,236	(1,769)
Adjustment for:		
Depreciation and amortisation charge	5,476	5,027
Profit on disposal of tangible fixed assets	-	-
Adjustment for pension funding	(3,439)	-
Adjustment for currency translation gains	69	-
Other provisions	513	(362)
Operating cash flow before movement in working capital	**4,855**	**2,896**
Increase in stocks	164	759
(Increase)/Decrease in debtors	(7,204)	14,620
Decrease in creditors	(5,252)	(12,363)
Cash generated by operations	**(12,292)**	**3,016**
Income taxes paid	(800)	(350)
Net cash outflow from operating activities	**(8,238)**	**5,562**

25. Reconciliation of group net cash flow to movement in net funds

	2019 £'000	20128 £'000
Decrease in cash in the year	(9,114)	(4,192)
Movement in net funds	(9,114)	(4,192)
Net funds at 1 January	34,934	39,126
Net funds at 31 December	25,820	34,934

26. Analysis of group net debt

	At January 2019 £'000	Cash flow £'000	Other non-cash changes £'000	At December 2019 £'000
Cash at bank and in hand	34,934	(9,114)	-	25,820
Loan due to group companies	(90,039)	-	(4,504)	(94,543)
Net debt	(55,105)	(9,114)	(4,504)	(68,723)

The other non-cash changes relate to financing activities and is interest on the unsecured loan due to Hearst Investments LP (see note 16).

Notes to the financial statements (continued)
31 December 2019

27. Financial commitments

As at 31 December 2019, the Group's total future minimum lease payments under non-cancellable operating leases as follows:

Group and Company	2019 Land and buildings £'000	2018 Land and buildings £'000
Within one year	6,467	6,364
Between two and five years	25,535	25,360
After five years	49,928	55,239
	81,930	86,963

28. Related party transactions

The National Magazine Company Limited's related parties, as defined by Financial Reporting Standard 102 section 33, the nature of the relationship and the extent of transactions with them, are summarised below:

	2019 £'000	2018 £'000
Hearst Corporation		
Royalties, management fees and other charges to Hearst Magazines	3,502	5,748
Royalties, management fees and other charges from Hearst Magazines	(4,122)	(7,161)
Amount due to Hearst Magazines at balance sheet date	(2,508)	(1,205)
Amount due from Hearst Magazines at balance sheet date	3,362	1,208
Hearst Investments LP		
Interest payable on loan note to Hearst Investments LP	4,502	4,288
Amount due to Hearst Investments LP at balance sheet date	(94,541)	(90,039)
Hearst UK Limited		
Management fees and other charges to Hearst UK Limited	2,425	1,519
Amount due from/(to) Hearst UK Limited at balance sheet date	2,918	683
Hearst Magazine Netherlands BV		
Royalties to Hearst Magazine Netherlands BV	575	610
Amount due to Hearst Magazines Netherlands BV at balance sheet date	(195)	(170)

28. Related party transactions (continued)

CDS Global Limited ("CDS")		
Subscription fulfilment charge for the year from CDS	1,904	1,701
iCrossing Limited		
Services and other charges from iCrossing Limited	500	428
Hearst Advertising Worldwide		
Amount due from Hearst Advertising Worldwide at balance sheet date	5,128	6,896
Condé Nast & National Magazine Distributors Limited		
Amount due at balance sheet date from Condé Nast & National Magazine Distributors Limited	1,036	-

The Company has chosen not to disclose transactions or balances between the Company and its own subsidiary entities in accordance with FRS102 par 33.1A with the exception of Condé Nast & National Magazine Distributors Limited and Hearst UK Limited, as these are not wholly owned.

Transactions and balances disclosed with Condé Nast & National Magazines Distribution Limited and Hearst UK Limited are with The National Magazine Company Limited. All other transactions and balances are disclosed on a group basis. The amounts due from related parties are included within trade debtors and creditors in the Group balance sheet. All transactions are entered into in the ordinary course of business.

"Hearst Magazines" refers to US subsidiary undertakings of The Hearst Corporation, the ultimate parent.

Hearst Magazines Netherlands BV is a company incorporated in The Netherlands in which The Hearst Corporation has a controlling interest and is therefore a fellow subsidiary undertaking of The Hearst Corporation.

CDS Global Limited is a UK registered company in which The Hearst Corporation has a controlling interest and is therefore a fellow subsidiary undertaking of The Hearst Corporation.

Hearst UK Limited is a UK registered company in which The National Magazine Company Limited has a 50.1% interest in its share capital but acquired control of on 24 January 2018.

iCrossing Limited is a UK registered company in which The Hearst Corporation has a controlling interest and is therefore a fellow subsidiary undertaking of The Hearst Corporation.

Other related party transactions

The total remuneration for key management personnel who are not directors for the year totalled £551,000 (2018 £489,000).

During 2018, the Company guaranteed a property leasing contract on behalf of Hearst España SL until April 2024. The Company's obligation would be to pay the remaining rents until the end of the contract of 841,089 Euro per annum.

29. Ultimate parent company and subsidiaries

The Hearst Corporation, which is incorporated in the United States of America and registered office is 959 Eighth Avenue, New York, NY 10019, United States, is the Company's ultimate parent company and controlling party. The Group's immediate parent company is Hearst Communications, Inc. The Hearst Corporation is the largest group for which Group financial statements are prepared and of which the Company is a member. The smallest group is The National Magazine Company Limited. The immediate and ultimate parent undertaking are both privately owned and are not required to publish its financial statements.

30. Subsequent events

The directors believe that the economic consequences from Covid-19 may have the following potential impacts on the financial statements for the year ending 31 December 2020, but at the date of approval of the financial statements it is not possible to quantify these impacts: A possible impairment of goodwill if the economic impacts affect future cash inflows; a possible increase in bad debts; and pension liabilities are likely to have increased as a result of a decrease in the discount rate; with pension assets likely to have fallen as a result of the recent volatility in equity markets; with the net impact that the scheme may now be in deficit.

There have been no other subsequent events.