

The Spectator (1828) Limited

(Registered Number: 1232804)

Report and Financial Statements

For the Year Ended 31 December 2015

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The Spectator (1828) Limited

Strategic report for the year ended 31 December 2015 (registered number: 1232804)

Review of business and future developments

The operating profit is £1,086,217 (2014: profit £549,000). The profit on ordinary activities before taxation is £1,081,209 (2014: profit £548,000). The directors recommend that no dividend is paid in the year (2014: nil) and that the profit for the year be transferred to reserves.

Turnover has increased by 9% to £11,272,438 in 2015 (2014: £10,308,000). Circulation growth has resulted from volume and price increases in both subscriptions and newsstand sales. Commercial revenues have increased in digital advertising and event sponsorship.

In 2016 and beyond we plan to continue the development of our print and digital products and Spectator events.

Key performance indicators ("KPIs")

The company's directors use performance indicators such as circulation levels, turnover and operating profit to assess the development, performance or position of the business.

The circulation KPIs are:

	2015	2014
Spectator - Average number of copies print and digital	78,603	72,012
- Average global unique user browsers	1,946,184	1,341,166
Apollo - Average number of copies	3,204	3,326

Principal risks and uncertainties

The company operates in a competitive marketplace. The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to continued pressure on print copy sales and competitiveness in the print advertising market. In order to mitigate these factors the company is developing its digital products and events business.

Financial Risk Management

The directors consider that the company's key financial instruments are cash and intercompany balances with other group companies. Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on any cash balances or overdrafts. This risk is not considered material and thus the company does not employ the use of hedging instruments.

On behalf of the board



R K Mowatt

Director

27 MAY 2016

The Spectator (1828) Limited

Report of the directors for the year ended 31 December 2015 (registered number:1232804)

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

Principal activities

The Company's principal activities are the publication of *The Spectator* and *Apollo* magazines and related digital products and events.

Directors and directors' interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A S Barclay
H M Barclay
R K Mowatt
P L Peters
M Seal

Employees

The Company has held regular meetings with representatives of its employees at which matters of concern to the employees have been discussed and at which the views of these representatives have been obtained. It is company policy to provide, wherever possible, the same employment opportunities to disabled persons as to others. In the event of an employee becoming disabled every effort would be made to ensure that employment with the Company continues and appropriate training is arranged.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Report of the directors 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 prepared the company's financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Including Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. In preparing these financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
 - b) make judgements and accounting estimates that are reasonable and prudent;
 - c) state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - d) notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in preparation of financial statements, and
- preparation of financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Spectator (1828) Limited

Report of the directors for the year ended 31 December 2015 (continued) (registered number:1232804)

Statement of directors' responsibilities (continued)

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future developments, financial risk management and dividends have been discussed in the strategic report.

Disclosure of information to auditors

Each of the persons who are directors at the time when the report of the directors' is approved has confirmed that:

So far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

On behalf of the Board



R K Mowatt
Director

27 MAY 2016

The Spectator (1828) Limited

Independent auditors' report to the members of The Spectator (1828) limited

Report on the financial statements

Our opinion

In our opinion, The Spectator (1828) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

The Spectator (1828) Limited

Independent auditors' report to the members of The Spectator (1828) limited

Report on the financial statements (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

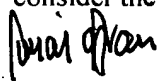
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

31 May 2016

The Spectator (1828) Limited

Income Statement for the year ended 31 December 2015

	Note	2015	2014
		£'000	£'000
Turnover	4	11,272	10,308
Cost of sales		(3,307)	(3,180)
Gross profit		<u>7,965</u>	<u>7,128</u>
Distribution costs		(1,803)	(1,709)
Administrative expenses		(5,076)	(4,870)
Operating profit		<u>1,086</u>	<u>549</u>
Interest payable and similar charges		(5)	(1)
Profit on ordinary activities before taxation	5	<u>1,081</u>	<u>548</u>
Tax on profit on ordinary activities	6	(281)	-
Profit for the financial year		<u><u>800</u></u>	<u><u>548</u></u>

The notes on pages 9 to 15 are an integral part of these financial statements.

All amounts relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated and their historical costs equivalents for the years stated above.

The Spectator (1828) Limited

Balance sheet as at 31 December 2015
(registered number 1232804)

	Note	2015 £'000	2014 £'000
Fixed Assets			
Tangible assets	7	125	165
		<u>125</u>	<u>165</u>
Current assets			
Inventories		46	21
Debtors	8	12,421	11,679
Cash at bank and in hand		850	249
		<u>13,317</u>	<u>11,949</u>
Creditors - amounts falling due within one year	9	(3,490)	(2,962)
Net current assets		<u>9,827</u>	<u>8,987</u>
Total assets less current liabilities		<u>9,952</u>	<u>9,152</u>
Capital and reserves			
Called up share capital	10	1,404	1,404
Capital contribution reserve		60	60
Retained earnings		8,488	7,688
Total equity		<u>9,952</u>	<u>9,152</u>

Statement of changes in equity for the year ended 31 December 2015

	Called up Share capital £'000	Capital contribution reserve £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2014	1,404	60	7,140	8,604
Profit for the financial year	-	-	548	548
At 31 December 2014	1,404	60	7,688	9,152
Profit for the financial year	-	-	800	800
At 31 December 2015	1,404	60	8,488	9,952

The notes on pages 9 to 15 are an integral part of these financial statements.

The financial statements on pages 6 to 15 were approved by the board of directors on 27 May 2016 and were signed on behalf of the board by:



M Seal
Director



R K Mowatt
Director

The Spectator (1828) Limited

Information on cash flows for the year ended 31 December 2015

Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating profit	1,086	549
Depreciation	97	118
	<u>1,183</u>	<u>667</u>
Movement on inventories	(25)	1
Movement on debtors	(742)	(139)
Movement on creditors	529	(94)
	<u>945</u>	<u>435</u>

Cash flow statement for the year ended 31 December 2015

	2015 £'000	2014 £'000
Net cash inflow from operating activities	945	435
Interest paid	(5)	(1)
Taxation paid	(281)	-
	<u>659</u>	<u>434</u>
Cash flow from investing activities		
Purchase of tangible fixed assets	(57)	(55)
Receipts from sale of tangible assets	-	1
	<u>(57)</u>	<u>(54)</u>
Net increase in cash and cash equivalents	602	380
Cash and cash equivalents at start of year	247	(133)
Cash and cash equivalents at end of year	<u>849</u>	<u>247</u>
Cash and cash equivalents are made up of:		
Cash at bank and in hand	850	249
Bank overdraft	(1)	(2)
	<u>849</u>	<u>247</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015

1 General information

The Spectator (1828) Limited (“the company”) is a magazine publisher. The company is a private limited company, incorporated in the United Kingdom. The company’s registered office is 22 Old Queen Street, London, SW1H 9HP.

2 Statement of compliance

The company’s financial statements of The Spectator (1828) Limited are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation

The financial statements have been prepared under Generally Accepted Accounting Principles in the United Kingdom on a going concern basis and in accordance with Companies Act 2006 under the historical cost convention which has been consistently applied.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Turnover

Turnover represents sales to third parties of magazines, advertising space and related goods and services and is stated net of commissions and trade discounts, and excludes value-added tax and other sales taxes in the UK. Magazine and advertising revenue is recognised on the date of publication.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Summary of significant accounting policies (continued)

Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost on a straight line basis over the expected useful economic lives of the assets which are as follows:

Fixtures, fittings	3-5 years
Equipment	2-5 years
Leasehold improvements	4-10 years

Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis.

Deferred taxation

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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cost of sales

Cost of sales represents expenditure for producing the magazine, generating advertising sales both physical and digital, and fulfilling events.

Pensions

The Company operates a defined contribution pension scheme and contributions to the scheme are charged to the Company's profit and loss account as the company's obligation to pay arises.

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

3 Summary of significant accounting policies (continued)

Related party transactions

As all of the company's voting rights are controlled by May Corporation Limited, the company has taken advantage of the exemption contained in FRS 102 para.33.1A and has therefore not disclosed transactions or balances with entities which form part of the group or are disclosed in the group financial statements.

Operating leases

Rental costs arising under operating leases are charged to the profit and loss account over the life of the lease.

4 Turnover

	2015 £'000	2014 £'000
Turnover by destination		
United Kingdom	10,755	9,747
Australia	517	561
	<u>11,272</u>	<u>10,308</u>

5 Profit on ordinary activities before taxation

	2015 £'000	2014 £'000
The profit on ordinary activities before taxation is stated after charging:		
Employee costs	2,638	2,339
Operating lease charges on land and buildings	275	270
Operating lease charges on plant and machinery	26	26
Depreciation of tangible fixed assets	97	118
Auditors' remuneration for:		
Audit fees	<u>32</u>	<u>33</u>

6 Taxation on profit on ordinary activities

	2015 £'000	2014 £'000
Current tax		
UK Corporation tax on profit for the year	<u>281</u>	<u>-</u>
Tax on profit on ordinary activities	<u>281</u>	<u>-</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Taxation on profit on ordinary activities (continued)

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>1,081</u>	<u>548</u>
Profit on ordinary activities multiplied by standard rate in the UK: 20.3% (2014 : 21.5%)	219	118
Effects of:		
Expenses not deductible for tax	57	22
Capital allowances in excess of depreciation	5	9
Group claimed surrendered for nil consideration	-	(149)
Total taxation	<u>281</u>	<u>-</u>

There is a potential deferred tax asset not recognised due to accelerated capital allowances of £39,000 (2014: £36,000).

7 Tangible assets

	Leasehold Improvements £'000	Equipment £'000	Fixtures and Fittings £'000	Total £'000
Historical Cost:				
At 1 January 2015	119	782	17	918
Additions	-	53	4	57
Disposals	-	(467)	-	(467)
At 31 December 2015	<u>119</u>	<u>368</u>	<u>21</u>	<u>508</u>
Accumulated depreciation:				
At 1 January 2015	119	618	16	753
Charge for the year	-	96	1	97
Disposals	-	(467)	-	(467)
At 31 December 2015	<u>119</u>	<u>247</u>	<u>17</u>	<u>383</u>
Net book value:				
At 31 December 2015	<u>-</u>	<u>121</u>	<u>4</u>	<u>125</u>
At 31 December 2014	<u>-</u>	<u>164</u>	<u>1</u>	<u>165</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Debtors

	2015	2014
	£'000	£'000
Trade debtors	1,075	1,087
Other debtors	62	55
Amount owed by the parent company	10,861	9,562
Amounts owed by group undertakings	-	580
Prepayments and accrued income	423	395
	<u>12,421</u>	<u>11,679</u>

The amounts owed by the parent company and group undertakings are unsecured, interest free, have no fixed terms for repayment and are repayable on demand. There are currently no intentions to seek repayment of the balances.

9 Creditors - amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans and overdraft	1	2
Trade creditors	450	621
Taxation and social security	156	86
Accruals and deferred income	2,884	2,253
	<u>3,491</u>	<u>2,962</u>

10 Called up share capital

	2015	2014
	£'000	£'000
Authorised:		
1,700,000 (2014: 1,700,000) Ordinary shares of £1 each	<u>1,700</u>	<u>1,700</u>
Allotted and fully paid:		
1,403,968 (2014: 1,403,968) Ordinary shares of £1 each	<u>1,404</u>	<u>1,404</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

11 Employee Information

(a) Directors Emoluments

In 2015 and 2014 the directors were remunerated by other Group companies in respect of services rendered to the company.

b) Average monthly number of persons employed

	2015	2014
	Number	Number
By activity:		
Editorial	20	21
Selling, distribution and administration	32	31
	<u>52</u>	<u>52</u>

c) Employee costs

	£'000	£'000
Wages and salaries	2,316	2,049
Social security costs	243	225
Other pension costs	79	65
	<u>2,638</u>	<u>2,339</u>

12 Pensions

The Company operates a defined contribution scheme and contributions to the scheme are charged to the Company's profit and loss account as the company's obligation to pay arises. As at year end 2015 there was no liability (2014: £nil).

13 Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating Leases for each of the following periods:

	2015	2014
	£'000	£'000
Payments due:		
Not later than one year	301	301
Later than one year and not later than five years	1,147	1,173
Later than five years	1,583	1,856
	<u>3,031</u>	<u>3,330</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

14 Ultimate controlling party

The immediate holding company is May Corporation Limited, a company incorporated in Jersey, Channel Islands, which the Directors regard as being ultimately controlled by the Sir David and Sir Frederick Barclay Family Settlements.

B.UK Limited, a company incorporated in Bermuda, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2015. Press Holdings Limited is the smallest group of undertakings to consolidate these financial statements.