

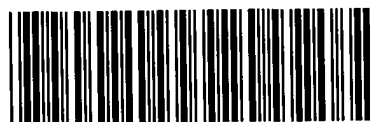
The Spectator (1828) Limited

(Registered Number: 1232804)

Report and Financial Statements

For the Year Ended 31 December 2014

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The Spectator (1828) Limited

Strategic report for the year ended 31 December 2014 (registered number: 1232804)

Review of business and future developments

The operating profit is £549,000 (2013: profit £575,000). The profit before tax is £548,000 (2013: profit £567,000). The directors recommend that no dividend is paid in the year (2013: nil) and that the profit for the year be transferred to reserves.

Turnover has increased by 5% to £10,308,000 in 2014 (2013: £9,828,000). This is mainly due to growth in both print and digital subscriptions and increasing event sponsorship. However the additional investment in our digital and events platforms, has curtailed the profit growth.

In 2015 and beyond we plan to continue the development of our print and digital products and Spectator events.

Key performance indicators ("KPI's")

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 KPI's are:

	2014	2013
Spectator -Average number of copies print and digital	72,012	69,450
-Average global unique user browsers	1,341,166	754,491
Apollo – Average number of copies	3,326	3,768

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 advertising market. In order to mitigate these factors the company is developing its digital products and events business.

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.

By order of the board



M Seal
Director

31st Mary 2015

The Spectator (1828) Limited

Report of the directors for the year ended 31 December 2014 (registered number:1232804)

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2014.

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 for the first time this year, 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
- e) 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 2013 (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.

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.

By order of the Board



M Seal
Director

31st Mar 2015

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 Spectator (1828) Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 Statement of directors' responsibilities set out on pages 2 and 3, 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 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 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

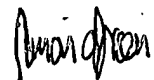
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from 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 strategic report and the report of the directors' 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 March 2015

The Spectator (1828) Limited

The Spectator (1828) Limited

Income Statement for the year ended 31 December 2014

	Note	2014 Total £'000	Re-stated 2013 Total £'000
Turnover	4	10,308	9,828
Cost of sales		(3,180)	(3,044)
Gross profit		<u>7,128</u>	<u>6,784</u>
Distribution costs		(1,709)	(1,669)
Administrative expenses		(4,870)	(4,540)
Operating profit		<u>549</u>	<u>575</u>
Interest payable and similar charges		(1)	(8)
Profit on ordinary activities before taxation	5	<u>548</u>	<u>567</u>
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		<u><u>548</u></u>	<u><u>567</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 2014 (registered number 1232804)

	Note	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	7	165	229
		<u>165</u>	<u>229</u>
Current assets			
Inventories		21	22
Debtors	8	11,679	11,540
Cash at bank and in hand		249	27
		<u>11,949</u>	<u>11,589</u>
Creditors - amounts falling due within one year	9	(2,962)	(3,214)
Net current assets		<u>8,987</u>	<u>8,375</u>
Net assets		<u>9,152</u>	<u>8,604</u>
Capital and reserves			
Called up share capital	10	1,404	1,404
Capital contribution reserve		60	60
Retained earnings		7,688	7,140
Total equity		<u>9,152</u>	<u>8,604</u>

Statement of changes in equity as at 31 December 2014

	Called up Share capital £'000	Capital contribution reserve £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2013	1,404	60	6,573	8,037
Profit for the financial year	-	-	567	567
At 1 January 2014	1,404	60	7,140	8,604
Profit for the year	-	-	548	548
At 31 December 2014	1,404	60	7,688	9,152

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 31st March 2015 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 2014

Reconciliation of operating profit to net cash inflow from operating activities

	2014 £'000	2013 £'000
Operating profit	549	575
Depreciation	118	103
Movement on inventories	1	27
Movement on debtors	(139)	47
Movement on creditors	(94)	(486)
	<u>435</u>	<u>266</u>

Cash flow statement for the year ended 31 December 2014

Net cash inflow from operating activities	435	266
Cash flow from investing activities		
Purchase of tangible fixed assets	(55)	(101)
Receipts from sale of tangible assets	1	-
Cash flow from financing activities		
Interest paid	(1)	(8)
Net increase in cash at bank and in hand	380	157
Cash and cash equivalents at start of year	(133)	(290)
Cash and cash equivalents at end of year	<u>247</u>	<u>(133)</u>
Cash and cash equivalents are made up of:		
Cash at bank and in hand	249	27
Bank overdraft	(2)	(160)
	<u>247</u>	<u>(133)</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2014

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. Details of the transition to FRS 102 are disclosed in note 15.

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.

Administrative Expenses and Cost of Sales have been reclassified this year to provide a more accurate reflection of their nature. The comparative period has also been restated of this change in presentation.

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 2014 (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	3-5 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 2014 (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

	2014 £'000	2013 £'000
Turnover by destination		
United Kingdom	9,747	9,215
Australia	561	613
	<u>10,308</u>	<u>9,828</u>

5 Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
The profit on ordinary activities before taxation is stated after charging:		
Employee costs	2,339	2,113
Operating lease charges on land and buildings	270	275
Operating lease charges on plant and machinery	26	26
Depreciation of tangible fixed assets	118	103
Auditors' remuneration for:		
Audit fees	<u>33</u>	<u>32</u>

6 Taxation on profit on ordinary activities

	2014 £'000	2013 £'000
Current tax		
UK Corporation tax on profit for the year	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Taxation on profit on ordinary activities (continued)

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>548</u>	<u>567</u>
Profit on ordinary activities multiplied by standard rate in the UK: 21.5% (2013 : 23.25%)	118	132
Effects of:		
Expenses not deductible for tax	22	21
Capital allowances in excess of depreciation	9	6
Group claimed surrendered for nil consideration	<u>(149)</u>	<u>(159)</u>
Total taxation	<u>-</u>	<u>-</u>

There is a potential deferred tax asset not recognised due to accelerated capital allowances of £36,000 (2013: £27,000).

7 Tangible assets

	Leasehold Improvements £'000	Equipment £'000	Fixtures and Fittings £'000	Total £'000
Historical Cost:				
At 1 January 2014	119	728	17	864
Additions	-	55	-	55
Disposals	-	(1)	-	(1)
At 31 December 2014	<u>119</u>	<u>782</u>	<u>17</u>	<u>918</u>
Accumulated depreciation:				
At 1 January 2014	119	501	15	635
Charge for the year	-	117	1	118
At 31 December 2014	<u>119</u>	<u>618</u>	<u>16</u>	<u>753</u>
Net book value:				
At 31 December 2014	<u>-</u>	<u>164</u>	<u>1</u>	<u>165</u>
At 31 December 2013	<u>-</u>	<u>227</u>	<u>2</u>	<u>229</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Debtors

	2014	2013
	£'000	£'000
Trade debtors	1,087	953
Other debtors	55	69
Amount owed by the parent company	9,562	9,562
Amounts owed by group undertakings	580	580
Prepayments and accrued income	395	376
	<u>11,679</u>	<u>11,540</u>

The amounts owed by the parent company and fellow subsidiaries 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

	2014	2013
	£'000	£'000
Bank overdraft	2	160
Trade creditors	621	728
Taxation and social security	86	81
Accruals and deferred income	2,253	2,245
	<u>2,962</u>	<u>3,214</u>

10 Called up share capital

	2014	2013
	£'000	£'000
Authorised:		
1,700,000 (2013: 1,700,000) Ordinary shares of £1 each	<u>1,700</u>	<u>1,700</u>
Allotted and fully paid:		
1,403,968 (2013: 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 2014 (continued)

11 Employee Information

(a) Directors Emoluments

In 2014 and 2013 the directors were remunerated by other Group companies in respect of services rendered to the company.

b) Average monthly number of persons employed

	2014	2013
	Number	Number
By activity:		
Editorial	21	20
Selling, distribution and administration	31	27
	<u>52</u>	<u>47</u>

c) Employee costs

	£'000	£'000
Wages and salaries	2,049	1,848
Social security costs	225	203
Other pension costs	65	62
	<u>2,339</u>	<u>2,113</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 2014 there was no liability (2013: £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:

	2014	2013
	£'000	£'000
Payments due:		
Not later than one year	301	301
Later than one year and not later than five years	1,173	1,198
Later than five years	1,856	2,134
	<u>3,330</u>	<u>3,633</u>

The Spectator (1828) Limited

Notes to the financial statements for the year ended 31 December 2014 (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 2014. Press Holdings Limited is the smallest group of undertakings to consolidate these financial statements.

15 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were from the year ended 31 December 2013. The date of transition to FRS 102 was 1 January 2013.

Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. It is the company's policy that all holiday entitlement is taken within the financial year and, if not, then it is forfeited. The transition to FRS 102, therefore, has no effect on either the profit and loss account or balance sheet.

Rent free period for operating leases

Under previous UK GAAP operating lease incentives, including rent free periods and fit out contributions, were spread over the shorter of the lease period or the period to when the rental was set to fair market rent. FRS102 requires that such incentives to be spread over the lease period. The company has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP. No new leases have been entered into since 1 January 2013 and, as such, there is no effect on either the profit and loss account and balance sheet on transition to FRS 102.

Revaluation of tangible assets

The company's policy, both under the previous UK GAAP and FRS 102, is to measure its tangible fixed assets at cost less accumulated depreciation and, as such, there is no effect on the balance sheet on transition.

Statement of cash flows

The company's cash flow statement reflects the presentation of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits payable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'.