The Condé Nast Publications Limited

Registered No. 226900

DIRECTORS
J Newhouse
N Coleridge
M Garvin
S Boler
P Stuart
S Quinn
D Gresty
A Holcroft
A Shulman
S Amoore
V Matthews
M Hogg
A Willett
H Fifield
P Raynor

SECRETARY
M Garvin

AUDITORS
Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS
HSBC plc
1 Hanover Square
London W1R 0ES

SOLICITORS
Manches
Aldwych House
81 Aldwych
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REGISTERED OFFICE
Vogue House
Hanover Square
London W1R 0AD

DIRECTORS' REPORT

The directors present their report and the audited accounts of the group for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The consolidated profit after taxation was £27,632,000 (1998 – £41,189,000). The directors proposed the payment of a dividend of £12,002,000 (1998 – £ 37,952,000). The retained profit has been transferred to reserves.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities during the year was magazine publishing. The profit and loss account for the year is set out on page 6.

The group sold it's 40% stake in Wagadon Limited on 12 May 1999 for a consideration of £2 million, realising a gain of £1.8 million.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 31 December 1999 were as listed on page 1.

The directors had no interest in shares of the company in either year.

FUTURE DEVELOPMENTS

The group will continue to develop its magazine publishing activities and the directors expect the present level of activity to be sustained for the foreseeable future.

CHARITABLE CONTRIBUTIONS

Donations made by the group for charitable purposes were £17,559 (1998 – £ 103,563).

EMPLOYMENT OF DISABLED PERSONS

Applications for employment by disabled persons are always considered fully having regard to the aptitudes and abilities of the applicant concerned and the requirements of the position for which the application is made. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and, where necessary, appropriate retraining is arranged.

EMPLOYEE CONSULTATION

The group places considerable importance on the contributions to be made by all employees to the progress of the group through their respective companies, and aims to keep employees informed on matters affecting them and on developments generally within the group. This is achieved by formal and informal meetings at the individual company level.

DIRECTORS' REPORT

THE EURO

The company has prepared for the introduction of the single European currency and has adapted systems to enable trading relationships with customers in member states of that currency as appropriate. In the opinion of the directors, the costs associated with these changes were not considered significant.

YEAR 2000

The Year 2000 bug did not create any significant errors in accounting systems or adversely impact operations or customer services.

AUDITORS

PriceWaterhouseCoopers resigned as auditors on 29 October 1999 and Ernst & Young were appointed in their place. A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

Secretary

18 OCT 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of The Condé Nast Publications Limited

We have audited the accounts on pages 6 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors
As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

05 OCT 2000

Ernst & Young
Registered Auditor
London

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

	Notes	1999 £000	1998 £000
TURNOVER			
Continuing operations		76,933	78,402
Discontinued operations		–	51,518
	2	76,933	129,920
Change in stocks of finished goods and work in progress	3	345	154
Other operating income	3	7,918	2,926
		85,196	133,000
Raw materials and consumables	3	(8,111)	(21,516)
Other external charges	3	(29,415)	(62,712)
Staff costs	3	(21,442)	(33,603)
Depreciation	3	(1,739)	(3,915)
Other operating charges	3	(3,170)	(1,777)
		(63,877)	(123,523)
OPERATING PROFIT	3		
Continuing operations		21,319	7,982
Discontinued operations		–	1,495
		21,319	9,477
Income from interests in associated undertakings		1,582	1,043
Gain on disposal of discontinued operations	4	–	33,254
Gain on disposal of investment	11	1,845	–
PROFIT ON ORDINARY ACTIVITIES BEFORE INTERESTS		24,746	43,774
Other interest receivable and similar income		9,032	5,787
Interest payable and similar charges	7	(45)	–
Minority interests		(9)	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,724	49,561
Tax on profit on ordinary activities	8	(6,092)	(8,372)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		27,632	41,189
Dividends		(12,002)	(37,952)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	15,630	3,237

ERNST & YOUNG

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1999

	1999 *£000*	*1998* *£000*
Profit for the financial year	27,632	41,189
Currency translation losses on foreign investments	222	(164)
Opening reserves of previously non consolidated subsidiaries	604	–
Total recognised gains and losses relating to the year	28,458	41,025

CONSOLIDATED BALANCE SHEET
at 31 December 1999

	Notes	*1999* *£000*	*1998* *£000*
FIXED ASSETS			
Tangible assets	10	20,949	20,343
Investments	11	255	408
		21,204	20,751
CURRENT ASSETS			
Stocks	12	2,541	2,874
Debtors	13	25,740	36,272
Properties held for re-sale		–	62
Investments	11	152,915	157,580
Cash at bank and in hand		29,845	6,081
Advance royalties		–	382
		211,041	203,251
CREDITORS: amounts falling due within one year	14	(23,973)	(34,182)
NET CURRENT ASSETS		187,068	169,069
TOTAL ASSETS LESS CURRENT LIABILITIES		208,272	189,820
PROVISION FOR LIABILITIES AND CHARGES	15	(2,720)	(734)
TOTAL NET ASSETS		205,552	189,086
MINORITY INTERST		(9)	–
		205,543	189,086
CAPITAL AND RESERVES			
Called up share capital	16	84,659	84,659
Share premium account	17	13,330	13,330
Reserves	17	107,554	91,097
EQUITY SHAREHOLDERS' FUNDS		205,543	189,086

Director Nicholas Coleridge
18 OCT 2000

ERNST & YOUNG

BALANCE SHEET
at 31 December 1999

	Notes	*1999* *£000*	*1998* *£000*
FIXED ASSETS			
Tangible assets	10	20,363	19,823
Investments	11	40	5,105
		20,403	24,928
CURRENT ASSETS			
Stocks	12	2,250	2,546
Debtors	13	19,470	27,441
Investments		152,915	158,396
Cash at bank and in hand		23,341	4,211
		197,976	192,594
CREDITORS: amounts falling due within one year	14	(20,896)	(21,584)
NET CURRENT ASSETS		177,080	171,010
TOTAL ASSETS LESS CURRENT LIABILITIES		197,483	195,938
TOTAL NET ASSETS		197,483	195,938
CAPITAL AND RESERVES			
Called up share capital	16	84,659	84,659
Share premium account	17	13,330	13,330
Capital contributions	17	31,500	31,500
Reserves	17	67,994	66,449
EQUITY SHAREHOLDERS' FUNDS		197,483	195,938

Director Nicholas Coleridge

18 OCT 2000

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STATEMENT OF CASH FLOWS
for the year ended 31 December 1999

	Notes	*1999* *£000*	*1998* *£000*
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18(a)	25,954	(1,989)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		9,032	5,822
Interest paid		(45)	(20)
Dividend received from associated undertaking		1,050	935
NET CASH INFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		10,037	6,737
TAXATION			
Taxation paid		(3,694)	(3,460)
Taxation repaid		2,397	–
NET CASH OUTFLOW FROM TAXATION		(1,297)	(3,460)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(1,552)	(3,200)
Proceeds from sale of fixed assets		33	139
Purchase of other fixed asset investments		–	(2)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,519)	(3,063)
ACQUISITION AND DISPOSALS			
Proceeds from disposal of associated undertaking		1,986	–
Proceeds from disposal of subsidiary undertaking	3	–	175,396
Cash disposed with subsidiary	3	–	(3,863)
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS		1,986	171,533
DIVIDENDS			
Equity dividends paid		(12,002)	(37,952)
MANAGEMENT OF LIQUID RESOURCES			
Purchase of current asset investments		–	(157,580)
INCREASE/(DECREASE) IN CASH	18(b)	23,159	(25,774)

1. ACCOUNTING POLICIES

Basis of accounting
The accounts have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards.

Basis of consolidation
The group accounts incorporate the accounts of the company and all of its subsidiaries. The accounts of overseas subsidiaries are translated into sterling at the exchange rates ruling at the balance sheet date and any gain or loss arising from changes in rate during the year is dealt with through reserves. The results of any subsidiaries acquired during the year are included from the date of acquisition.

Turnover
Turnover represents billings to customers for advertising, news-stand sales, subscription revenues, commission sales of published magazines and books and book royalties. Income associated with a particular issue of a magazine is recognised in the profit and loss account when the magazine is published, being usually the month preceding that appearing on the magazine's cover. Income from books is recognised when the books are despatched to the customer.

Tangible fixed assets
Long leasehold property is stated at cost and depreciated on a reducing balance over the period of the lease.

Leasehold improvements are stated at cost and are amortised over the period of the respective leases or, if shorter, the estimated useful lives of the improvements.

Plant and equipment and motor vehicles are stated at cost less accumulated depreciation.

Depreciation is provided in equal annual instalments at the following rates calculated to write off the assets over their estimated useful lives:

Short and long leaseholds	–	Term of lease
Plant and office equipment	–	10%
Computer equipment	–	10% – 33%
Motor vehicles	–	25%
Freehold properties	–	2%

Maintenance and repair costs are charged to the profit and loss account as incurred. Additions and improvements to leasehold properties are capitalised. At the time leaseholds, plant and equipment or motor vehicles are sold, retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is included in the profit and loss account.

Operating leases
Expenses under operating leases are recognised in the profit and loss account over the respective terms of the leases.

Finance leases
Assets held under finance lease are capitalised at their fair market value and depreciated according to the rates outlined above. Commitments under these leases are included within creditors.

1. **ACCOUNTING POLICIES** (continued)

Premium on acquisition
A premium on acquisition (or goodwill) arises when the amount paid for a subsidiary or associated undertaking exceeds the fair value attributed to the net assets acquired. On consolidation of a newly acquired subsidiary or associated undertaking, prior to the introduction of FRS10, such a premium has been set off against consolidated reserves in the year in which it arises.

Stocks and work-in-progress
Stocks comprise raw materials and consumables, work-in-progress and finished goods.

Finished goods are stated at the lower of cost and net realisable value. Cost includes the costs of paper, printing and binding incurred on a title by title basis. Plant costs, which do not vary with the number of copies printed (for example typesetting, origination and illustration) are charged to the profit and loss account in full on the publication of magazines, being usually the month preceding that appearing on the magazine's cover. Plant costs relating to books are charged in the month prior to shipment.

Raw materials and consumables and work-in-progress are stated at the lower of cost and net realisable value with cost being determined by the first-in-first-out (FIFO) method. Work in progress represents editorial production and associated expenses incurred at the balance sheet date on publishing projects for which revenues are to be accounted for after that date.

Deferred taxation
Provision is made on the liability method for deferred taxation arising from timing differences between profits as computed for tax purposes and profits as stated in the accounts. A net deferred tax liability is provided for in the accounts to the extent that it is probable that a liability will crystallise. Net deferred taxation assets are not recognised.

Translation of foreign currencies
Amounts receivable and payable in foreign currencies are translated at the rates of exchange in effect at the balance sheet date. Exchange gains and losses arising from translation of foreign currency transactions are included in the profit and loss account for the year.

The accounts of overseas subsidiary undertakings are translated into sterling at the exchange rates ruling at the relevant balance sheet date. Differences arising from the retranslation of opening net assets are dealt with through reserves.

Royalties
Royalty advances to authors, which are not expected to be earned from future sales of books and rights, are written off to the profit and loss account in the year of publication.

Pensions
The cost of providing retirement pensions and related benefits are charged to the profit and loss account over the period benefiting from the employees' services.

NOTES TO THE ACCOUNTS
at 31 December 1999

2. SEGMENTAL ANALYSIS

	1999 £000	1998 £000
By geographical destination:		
United Kingdom	52,386	83,971
Australia, New Zealand and South Africa	–	9,700
Rest of the world	24,547	36,249
	76,933	129,920
By geographical origin:		
United Kingdom	65,411	99,680
Australia, New Zealand and South Africa	–	9,700
Rest of the world	11,522	20,540
	76,933	129,920

The activities of the group are principally in the areas of magazine publishing. An analysis of turnover, profit/(loss) before taxation and net assets by class of business and by geographic location has not been presented as the directors believe that the disclosure would be seriously prejudicial.

3. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit on ordinary activities before taxation is stated after charging:

	1999 £000	1998 £000
Operating lease rentals:		
Plant and machinery	–	125
Other operating leases	–	541
Depreciation – owned assets	1,780	3,908
– finance leases	–	7
– intangibles	–	12
Auditors' remuneration – audit	43	77
– non audit services	70	127
Loss on sale of tangible fixed assets	12	41
Currency translation differences	4,186	300
Rents receivable	162	583

3. **OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** (continued)

Included in auditors' remuneration for audit services above is £43,200 (1998 – £40,000) in respect of the audit of the company. Operating income and charges is divided between continuing and discontinued operation as follows:

	1999			*1998*		
	Continuing operations £000	*Dis-continued operations £000*	*Total £000*	*Continuing operations £000*	*Dis-continued operations £000*	*Total £000*
Change of stocks of finished goods and work in progress	345	–	345	255	(101)	154
Other operating income	2,059	–	2,059	2,741	185	2,926
Raw material and consumables	8,111	–	8,111	8,108	13,408	21,516
Other external changes	29,415	–	29,415	40,250	22,462	62,712
Staff costs	21,442	–	21,442	22,310	11,293	33,603
Depreciation	1,739	–	1,739	1,676	2,239	3,915
Other operating charges	3,170	–	3,170	1,306	471	1,777
Total operating charges	63,877	–	63,877	73,650	49,873	123,523

4. **GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS**

During 1998 100% of the ordinary shares in Random House UK Limited was disposed of for a net consideration of £175,396,000.

	1998 £000
Tangible assets	(50,096)
Investments	(442)
Stocks	(12,999)
Debtors	(25,547)
Advance royalties	(17,780)
Properties held for resale	(3,114)
Cash	(3,863)
Creditors	27,302
Provisions	7,234
Random house investment and post acquisition reserves	(62,837)
Net consideration	175,396
Gain on disposal of discontinued operations	33,254

NOTES TO THE ACCOUNTS
at 31 December 1999

5. DIRECTORS' EMOLUMENTS

	1999 *£000*	*1998* *£000*
Remuneration as directors	1,893	1,683
Pension contribution	51	45
	1,944	1,728

Pension benefits are accruing for all the directors under the company's defined benefits scheme.

The emoluments of the highest paid director, excluding pension contributions, were as follows:

	1999 *£000*	*1998* *£000*
Aggregate emoluments	267	229

The accrued pension benefits for the highest paid director as at 31 December 1999 amounted to £60,000 (1998 – £46,000).

6. STAFF COSTS

	1999 *£000*	*1998* *£000*
Wages and salaries	18,289	28,730
Social security costs	2,376	3,393
Other pension costs	777	1,480
	21,442	33,603

The average number of persons employed by the group were 509 (1998 – 470).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 *£000*	*1998* *£000*
Interest payable on bank loans and overdrafts repayable within five years	(45)	–
	(45)	–

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 *£000*	*1998* *£000*
Corporation tax at 30% (1998 – 31%):		
Current	7,067	6,462
Deferred	–	(699)
(Under)/over provision in respect of prior years	(2,538)	2,262
Write off of ACT	1,021	–
Associated undertakings	542	347
	6,092	8,372

9. PROFIT AND LOSS ACCOUNT

The Condé Nast Publications Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The profit on ordinary activities after taxation for the financial year for the company is £13,545,000 (1998 – £37,233,000).

10. TANGIBLE FIXED ASSETS

Group

	Long leasehold property *£000*	*Short leasehold property* *£000*	*Plant and equipment* *£000*	*Total* *£000*
Cost or valuation				
At 1 January 1999	14,747	5,114	10,251	30,112
Additions	1,231	–	321	1,552
Disposals	(60)	–	(3,410)	(3,470)
Exchange adjustments	–	–	764	764
At 31 December 1999	15,918	5,114	7,926	28,958
Depreciation				
At 1 January 1999	1,268	1,848	6,653	9,769
Charge for the year	134	528	1,118	1,780
Exchange adjustment	–	–	(92)	(92)
Disposals	(60)	–	(3,388)	(3,448)
At 31 December 1999	1,342	2,376	4,291	8,009
Net book amount at				
At 31 December 1999	14,576	2,738	3,635	20,949
At 31 December 1998	13,479	3,266	3,598	20,343

NOTES TO THE ACCOUNTS
at 31 December 1999

10. TANGIBLE FIXED ASSETS (continued)

Company	*Long leasehold property £000*	*Short leasehold property £000*	*Plant and equipment £000*	*Total £000*
Cost:				
At 1 January 1999	14,747	5,114	8,964	28,825
Additions	1,231	–	957	2,188
Disposals	(60)	–	(3,306)	(3,366)
At 31 December 1999	15,918	5,114	6,615	27,647
Depreciation:				
At 1 January 1999	1,268	1,848	5,886	9,002
Disposals	(60)	–	(3,306)	(3,366)
Charge for the year	134	528	986	1,648
At 31 December 1999	1,342	2,376	3,566	7,284
Net book amount:				
At 31 December 1999	14,576	2,738	3,049	20,363
At 31 December 1998	13,479	3,266	3,078	19,823

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11. INVESTMENTS

Group

	Shares in the net assets of associated undertakings	*Other participating interests*	*Other investments*	*Total*
	£000	*£000*	*£000*	*£000*
Cost or amount under equity method of accounting:				
At 1 January 1999	406	–	2	408
Change in net asset values	(12)	–	–	(12)
Purchase of listed investments	–	–	–	–
Disposals	(141)	–	–	(141)
At 31 December 1999	253	–	2	255

Company

	Share in the group undertakings	*Participating interests*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 1999	3,888	1,217	5,105
Disposals	–	(1,217)	(1,217)
Writedown	(3,848)	–	(3,848)
At 31 December 1999	40	–	40

Subsidiary undertakings	*Principal activity*	*Percentage of ordinary share capital directly or indirectly held by the company*
Magazine Holdings Ltd	Magazine Publishing	100%
Pharos Publications Ltd	Magazine Publishing	100%
Tatler Publishing Company Ltd	Magazine Publishing	100%
Vesey Publications Ltd	Magazine Publishing	100%
Media Edition Internatinoal SNC	Magazine Publishing	99%
Publication VHIM SNC	Magazine Publishing	99%

Vesey publication limited is registered and operates in the Republic of Ireland. Les Publications Conde Nast SA, Media Edition International SNC and Publications VHIM SNC are registered and operate in France.

All other subsidiary, associated and other undertakings are registered in England and Wales operate primarily with in the United Kingdom.

11. **INVESTMENTS** (continued)

In the previous year Media Edition International SNC and Publication VHIM SNC were excluded from the consolidated groups results. This did not materially affect the group's annual financial statements. These entities have been included within the consolidated group accounts for this year.

Associated undertakings	Percentage of ordinary share capital held directly by the company
Business People Publications Ltd	50%
Condé Nast and National Magazine Distributors Ltd	35%

The principal activity of Condé Nast and National Magazine Distributors Limited is the distribution of magazines. Business People Publications Limited ceased trading during 1992.

On 12 May 1999 the company disposed of its interest in Wagadon Limited for a consideration of £2 million, realising a gain of £1.8 million for the group.

Current asset investments

The current asset investment of £152,915,000 represents a holding in a managed US dollar fund of Chase Vista Funds Plc.

12. **STOCK**

		Group		*Company*
	1999	*1998*	*1999*	*1998*
	£000	*£000*	*£000*	*£000*
Raw materials and consumables	891	913	799	732
Work in progress	1,552	1,892	1,372	1,746
Finished goods and goods for resale	98	69	79	68
	2,541	2,874	2,250	2,546

The replacement cost of stock is not materially different from the amounts stated above.

13. **DEBTORS**

		Group		*Company*
	1999	*1998*	*1999*	*1998*
	£000	*£000*	*£000*	*£000*
Trade debtors	17,980	21,356	14,273	18,397
Amounts owed by group undertakings	4,692	7,242	3,873	7,197
Amounts owed by associated undertakings	–	2,901	–	–
Other debtors	1,100	1,293	507	957
Prepayments and accrued income	1,968	3,480	817	890
	25,740	36,272	19,470	27,441

NOTES TO THE ACCOUNTS
at 31 December 1999

14. CREDITORS: amounts falling due within one year

	Group		Company	
	1999	*1998*	*1999*	*1998*
	£000	*£000*	*£000*	*£000*
Trade creditors	8,336	6,509	6,794	4,911
Amounts owed to parent and fellow group undertakings	3,019	12,953	2,695	6,228
Other creditors	2,821	4,177	2,514	3,003
Other taxation and social security	1,497	175	1,497	624
Accruals and deferred income	3,768	3,931	3,768	3,557
Corporation tax payable	4,532	6,437	3,628	3,261
	23,973	34,182	20,896	21,584

15. PROVISIONS FOR LIABILITIES AND CHARGES

Group	*Deferred taxation*	*Other*	*Total*
	£000	*£000*	*£000*
Balance at 1 January 1999	–	734	734
Movement in the year	–	1,986	1,986
Additions	–	–	–
Disposals	–	–	–
Balance at 31 December 1999	–	2,720	2,720

Other provisions relate mainly to restructuring costs.

16. SHARE CAPITAL

	1999	*1998*
	£000	*£000*
Authorised, allotted, called up and fully paid: 846,593 ordinary shares of £100 each	84,659	84,659

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NOTES TO THE ACCOUNTS
at 31 December 1999

17. MOVEMENT ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

	Profit and loss account £000	*Special reserve £000*	*Total reserves £000*	*Share capital £000*	*Share premium account £000*	*Capital contribution £000*	*Total shareholders' funds £000*
Group							
At 1 January 1999	91,097	–	91,097	84,659	13,330	–	189,086
Other*	605	–	605	–	–	–	605
Exchange adjustments	222	–	222	–	–	–	222
Profit for the year	15,630	–	15,630	–	–	–	15,630
At 31 December 1999	107,554	–	107,554	84,659	13,330	–	205,543
Company							
At 1 January 1999	29,779	36,670	66,449	84,659	13,330	31,500	195,938
Profit for the year	1,545	–	1,545	–	–	–	1,545
At December 1999	31,324	36,670	67,994	84,659	13,330	31,500	197,483

Within the group's retained profit as at 31 December 1999, £12,000 (1998 – £1,043,000) of losses retained by associates are included.

*Reserves of previously non consolidated subsidiaries.

NOTES TO THE ACCOUNTS
at 31 December 1999

18. NOTES TO THE STATEMENT OF CASH FLOW

(a) Reconciliation of operating profit to net cash inflow from operating activities

	1999 *£000*	*1998* *£000*
Operating profit	21,319	9,477
Depreciation	1,780	3,915
(Profit)/loss on sale of tangible fixed assets	(11)	41
(Decrease)/increase in stocks	333	(738)
Decrease in debtors	9,512	23,130
Decrease in creditors	(13,442)	(39,478)
Decrease in advance royalties	382	2,647
Increase/(decrease) in provisions	1,986	(683)
Exchange differences	4,033	(300)
Properties held for resale	62	–
Net cash inflow/(outflow) from operating activities	25,954	(1,989)

(b) Reconciliation of cash flow to movement in net funds

	1999 *£000*	*1998* *£000*
Increase/(decrease) in cash in the year	23,159	(25,774)
Net funds at 1 January 1999	6,081	31,855
Opening reserves of previously non consolidated subsidiaries	605	–
Net funds at 31 December 1999	29,845	6,081

(c) Analysis of net funds

	At 1 January 1999 £000	*Cash flows £000*	*Other movements* £000*	*Non-cash movements £000*	*At 31 December 1999 £000*
Cash at bank and in hand	6,081	23,159	605	–	29,845
	6,081	23,159	605	–	29,845
Current asset investments	157,580	–	–	(4,665)	152,915
	163,661	23,159	605	(4,665)	182,760

* Opening reserves of previously non consolidated subsidiaries.

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19. COMMITMENTS

(1) The capital commitments outstanding at the year end which were contracted for but not provided for were £nil (1998 – £304,200). This includes the group's share of Condé Nast and National Magazine Distributors Limited, an associated undertaking.

(2) At 31 December 1999 there was no capital expenditure authorised by the Board but not contracted for (1998 – £nil).

(3) There are no commitments to authors for payment of royalty advances at 31 December 1999 (1998 – £383,927). Together with the advances already paid these are charged against sales for future accounting periods as the books are published.

Commitments under operating leases to pay rentals during the forthcoming year are as follows:

		1999		*1998*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Expiring within one year	–	–	–	–
Expiring between one and five years	–	–	250	–
Expiring after more than five years	–	–	649	–
	–	–	899	–

20. PENSION FUND

The group has a funded defined benefit pension scheme for its UK employees. The Condé Nast Retirement Benefits Scheme. The assets of this scheme are held in a separate trustee administered fund.

The total pension cost for the group was £777,615 (1998 – £1,480,165). The pension cost relating to the UK schemes was £710,268 (1998 – £1,480,165).

These costs are assessed in accordance with the advice of a qualified actuary using the projected unit credit method in one of the funds and the aggregate method in the other. The Scheme was last actuarially assessed in April 1996. The principal assumptions used were that the rate of return on investments would be 7% per annum and that salary increases would average 4.0% per annum.

The most recent actuarial valuation of the Condé Nast Scheme showed that the market value of the scheme was £14.3 million which represented more than 100% of the benefits that had accrued to members based on salaries at that date.

21. OTHER STATUTORY INFORMATION

Other debtors include the following loans to directors of the company to allow them to perform their duties:

	Liability outstanding at 1 January 1999	*Movement in the year*	*Liability outstanding 31 December 1999*	*Maximum liability outstanding*
A Holcroft	293,466	–	293,466	293,466
S Quinn	95,484	7,197	88,287	95,484
A Shulman	34,820	5,534	29,286	34,820

The loans are repayable on demand.

In addition to the loans disclosed above, all directors received advances on corporate expenses during the year to enable them to perform their duties to the company

22. RELATED PARTY TRANSACTIONS

During the year the group had the following transactions with related parties:

Agreements under which the group received distribution services from Condé Nast & National Magazine Distributors Limited (COMAG) amounted to £12,952,000 (1998 – £13,127,000). At the year end COMAG owed the group £1,094,000 (1998 – £954,000) in respect of these transactions.

Agreements under which the group entered into transactions for the purchase of sale of books, publishing rights, management services and direct overheads with Advance Publications Incorporated and its subsidiaries amounted to £277,231 (1998 – £348,147). At the year end Advance Publications Incorporated and its subsidiaries were owed by the group £13,773 (1998 – £1,458,899) in respect of these transactions.

On 15 December 1999, Condé Nast International Inc. waived £5,859,000 owed by Les Publications Condé Nast SA. This has been included within other operating income.

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Advance Publications Incorporated which is incorporated in the United States of America.

The ultimate parent undertaking is privately owned and is not required to publish its accounts. The intermediate parent undertaking is Condé Nast International Inc.