The Condé Nast Publications Limited

Registered No. 226900

Annual Report and Financial Statements

31 December 2014

Strategic Report

Directors
J Newhouse
N Coleridge
S Quinn
A Holcroft
A Read
P Raynor
S Kippin (resigned 28/03/2014)
J Bill
J Faulkner
S Crofts
P Stevenson

Secretary
P Raynor

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Bankers
HSBC Bank PLC
1 Hanover Square
London W1R 0ES

Solicitors
Wiggin & Co.
95 The Promenade
Cheltenham
Gloucestershire GL50 1WG

Registered Office
Vogue House
Hanover Square
London W1S 1JU

Strategic Report

Principal activity

The Group's principal activity during the year continued to be that of magazine publishing and related activities.

Business strategy and objectives

The company continues to set the standard for engaging, visually arresting, innovative publishing, creating the finest magazine brands in the world. Our UK brands now reach a combined gross audience - in print, digital format and online - of 42,135,861 for the portfolio.

Our obsession for excellence produces authoritative, premium, provocative content, ensuring the trust of millions of followers in print and digital.

Going concern

No material uncertainties that cast significant doubt on the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Review of development and future prospects

The company continues to publish twelve of the world's leading multi-media brands in print and online.

House was launched in March 2014, and is a leading design, decoration, food and lifestyle website from the team behind House & Garden. House has quickly built an engaged and passionate audience. Originally forecast to hit 500,000 unique users by 2018, the site exceeded this by April 2014, the first full month after launch.

A digital first product, Ars Technica UK, was developed in 2014 and launched in 2015.

Business to business events curated and hosted by Condé Nast grew in 2014, with an additional Wired event, Wired Retail, added to the portfolio in 2015.

The Conde Nast College of Fashion and Design continues to generate new revenue and expanded its vocational course offering, announcing one week fashion and journalism courses among others, as well as Miss Vogue weekend courses for 16 to 18 year olds.

The company continues to build new channels to reach its readership. This includes the launch of the Video division in 2015, working across the brands to create an exciting schedule of programming for a combination of digital platforms, for both editorial and commercial opportunities.

All Condé Nast UK magazines are available to download as digital editions, with five of the magazines offering interactive editions, and Vogue, Wired, GQ, Vanity Fair and Glamour also being available as interactive editions for iPhone and Samsung Galaxy.

Strategic Report

Key performance indicators

2014 has been a difficult year for the publishing industry with most publishers seeing double digit declines in circulation figures. The company has remained resilient in this tough environment seeing level ABC figures posted for the year in the majority of our magazines.

Our latest audited ABC circulation figures, for the period July to December 2014, showed that nine Condé Nast Brands posted increases, demonstrating growth and resilience.

Glamour was sector leader for the 26th consecutive period, posting an ABC of 405,053, up 1% in UK actively purchased copies, and sales of digital editions continue to have grown, up 2.7% period on period. Vogue posted an ABC of 200,141, a 1% increase period on period in UK actively purchased copies. GQ announced an ABC of 125,090, an increase of 5.9% period on period and 2.7% year on year in UK actively purchased copies. GQ, Vogue, Wired and Vanity Fair all feature in the top 20 digital magazines according to ABC.

Financial Review

2014 was also a successful year financially for Condé Nast Publications.

Turnover was £113,719k for the year, up £3,764k from 2013. This growth was principally due to the digital business, as well as increased revenue generated by the College. Revenue growth, combined with cost savings, have increased operating profit by £7,856k to £16,527k.

Net assets at 31 December 2014 increased to £56,808k, up £5,555k compared to £51,253k at 31 December 2013. Cash of £15,005k at 31 December 2014 was up £688k from the previous year, due to positive cashflow generated by the business.

Principal risks and uncertainties

The Company faces a number of risks and uncertainties. Whilst we make every effort to mitigate such risks and uncertainties, the principal challenges are: competition from other media impacting circulation and advertising revenues; adverse movement in the UK or worldwide advertising markets; maintaining the production of our print and digital editions to the standard and deadlines expected; and retaining the staff and contributors to produce the content of our print and digital editions and websites.

Approved by the Board

P Raynor

Secretary

Date: 21/7/15

Registered No. 226900

Directors' report

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

Proposed dividends

The profit for the year, after taxation, amounted to £12,549k (2013: £5,532k). The directors declared and paid dividends of £203k (2013: £332k).

Political contributions

The Company made no political donations during the year (2013: nil).

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 company continues and, where necessary, appropriate retraining is arranged.

Employee consultation

The Company places considerable importance on the contributions to be made by all employees to the progress of the Company, and aims to keep employees informed on matters affecting them and on developments generally within the Company. This is achieved by formal and informal meetings.

Directors and their interests

The directors of the Company during the year and up to the date of this report are as listed on page 1. All directors served throughout the year unless otherwise stated.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of the auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of KPMG LLP as auditor of the Company.

By order of the Board

P Raynor

Secretary

Date: 21/7/15

Registered Office

Vogue House
Hanover Square
London W1S 1JU

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report

to the members of The Condé Nast Publications Limited

We have audited the financial statements of The Condé Nast Publications Limited for the year ended 31st December 2014 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; 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.

Andrew T

Andrew Turner (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

Date 23 July 2015

Profit and loss account

for the year ended 31 December 2014

	Note	*2014* *£000*	*2013* *£000*
***Turnover** – continuing operations*	2	113,719	109,955
Raw materials and consumables		(8,936)	(9,859)
Other external charges		(42,885)	(43,457)
Staff costs	5	(32,231)	(38,110)
Depreciation	3	(2,550)	(2,299)
Other operating charges		(19,037)	(15,662)
		(105,639)	(109,387)
Other operating income		8,447	8,103
Operating profit		16,527	8,671
Profit on ordinary activities before interest		16,527	8,671
Other interest receivable and similar income		32	118
Profit on ordinary activities before taxation		16,559	8,789
Tax on profit on ordinary activities	6	(4,010)	(3,257)
Profit on ordinary activities after taxation		12,549	5,532
Profit retained for the financial year	14	12,549	5,532

The notes on pages 10 to 24 form an integral part of these financial statements.

Statement of total recognised gains and losses

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Profit for the financial year	14	12,549	5,532
Pension fund actuarial loss	16	(8,650)	(2,340)
Current tax effect of pension		1,006	-
Pension fund deferred tax credit	6	853	105
Total recognised gains and losses		5,758	3,297

The notes on pages 10 to 24 form an integral part of these financial statements.

Registered No. 226900

Balance sheet

at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Tangible assets	8	21,548	22,143
Investments	9	40	40
		21,588	22,183
Current assets			
Stock	10	3,410	3,061
Debtors	11	69,119	63,976
Cash at bank and in hand		15,005	14,317
		87,534	81,354
Creditors: amounts falling due within one year	12	(34,994)	(33,395)
Net current assets		52,540	47,959
Total assets less current liabilities		74,128	70,142
Net assets excluding pension liability		74,128	70,142
Pension fund liability	16	(17,320)	(18,889)
Total net assets		56,808	51,253
Capital and reserves			
Called up share capital	13	22,000	22,000
Profit and loss account	14	34,808	29,253
Equity shareholders' funds	14	56,808	51,253

The notes on pages 10 to 24 form an integral part of these financial statements.

Nicholas Coleridge

N Coleridge
Director

Date: 21/7/15

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is a wholly owned subsidiary of Condé Nast International Limited and has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The accounts are prepared on a going concern basis. No material uncertainties that cast significant doubt on the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents billings to customers for advertising, newsstand sales, subscription revenues, commission sales of published magazines, 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. College revenue is recognised over the length of the course.

Tangible fixed assets

Long-leasehold property is stated at cost and depreciated on a reducing balance basis over the period of the lease.

Leasehold improvements, plant, 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:

Leasehold improvements	–	14%
Long-leasehold	–	term of lease
Plant and office equipment	–	10% to 33%
Computer equipment	–	25% to 33%
Motor vehicles	–	25%

Maintenance and repair costs are charged in 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 financial statements 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.

Stocks and work in progress

Stocks comprise raw materials, consumables and work in progress.

All stocks 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 or articles. They are charged in the profit and loss account in full in the month of publication of the magazine containing the relevant projects or articles. This is usually the month preceding that appearing on the magazine cover.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Taxation

Deferred tax is recognised on a full provision basis.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

Statement of cash flows

The group accounts of the immediate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by Financial Reporting Standard No.1 (Revised), whereby it is not required to publish its own cash flow statement.

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 year of publication.

Pensions

On 31 May 2014, The Conde Nast Publications Limited Retirement Benefit Scheme was closed following a consultation period. From then onwards, there is a defined contribution scheme in place.

All existing benefits (liabilities for the companies) will be honoured.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Past service costs are recognised in profit or loss on a straight line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value gain or loss is recognised in the profit and loss account.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current year (to determine current service cost) and to the current and prior years (to determine the present value of defined benefit obligations) and is based on independent actuarial advice. Actuarial gains and losses are recognised in full in the Statement of Total Recognised Gains and Losses in the year in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

2. Segmental analysis

The following provides a segmental analysis of turnover:

	2014	*2013*
	£000	*£000*
By geographical destination:		
United Kingdom	86,769	82,571
Rest of the world	26,950	27,384
	113,719	109,955
By geographical origin:		
United Kingdom	113,719	109,955

The activities of the company are principally in the areas of magazine publishing.

Notes to the financial statements
at 31 December 2014

3. Operating profit on ordinary activities before taxation

This is stated after charging / (crediting)

	2014	*2013*
	£000	*£000*
Operating leases – plant and machinery	11	14
Operating leases – other	1,103	1,386
Depreciation – owned assets	2,550	2,299
Auditor's remuneration – audit	68	55
Audit-related assurance services	8	-
Foreign exchange (gain)/loss	(281)	585
Rents receivable – operating leases	(225)	(254)
Loss on disposal of fixed assets	1	65

4. Directors' emoluments

	2014	*2013*
	£000	*£000*
Remuneration as directors	3,032	2,981
Pension contribution	86	129
	3,118	3,110

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

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

	2014	*2013*
	£000	*£000*
Aggregate emoluments	1,283	920

The accrued pension benefits for the highest paid director as at 31 December 2014 amounted to £nil (2013 – £nil).

In addition to providing benefits through The Condé Nast Publications Limited Retirement Benefits Scheme, the company contributes to an approved Executive Pension Plan ("EPP") on behalf of the highest paid director. The EPP is a defined contribution arrangement and therefore the level of benefits provided from it are not guaranteed. During the year ended 31 December 2014, contributions of £2,991 (2013 – £11,964) were paid to the EPP.

Notes to the financial statements

at 31 December 2014

5. Staff costs

	2014	*2013*
	£000	*£000*
Wages and salaries	33,608	30,763
Social security costs	3,563	3,171
Other pension (credits)/ costs	(4,940)	4,176
	32,231	38,110

The average number of persons employed by the company was 653 (2013 - 666).

6. Tax

(a) Tax on profit on ordinary activities

Current tax:	*2014*	*2013*
	£000	*£000*
UK corporation tax:		
UK corporation tax on profit for the year	2,597	2,528
Adjustments in respect of previous years	(195)	(85)
	2,402	2,443
Foreign tax:		
Current year	4	23
Total current tax	2,406	2,466
Deferred tax:		
Originating and reversal of timing differences	1,521	570
Adjustment in respect of previous periods	13	-
Effect of Changes in tax rate on opening balance	70	221
Total deferred tax	1,604	791
Tax on profit on ordinary activities	4,010	3,257

Notes to the financial statements

at 31 December 2014

6. Tax (continued)

(b) Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower (2013: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2014	*2013*
	£000	*£000*
Profit on ordinary activities before tax	16,559	8,789
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%)	3,559	2,044
Effects of:		
Expenses not deductible for tax purposes	559	717
Capital allowances in excess of depreciation	(164)	(210)
Other timing differences	(362)	(23)
Utilisation of tax losses	(142)	-
Adjustments in respect of previous years	(195)	(85)
Items charged elsewhere	(853)	-
Overseas tax suffered	4	23
Current tax charge for the year	2,406	2,466

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2014	*2013*
	£000	*£000*
Included in debtors (note 11)	-	201
Included in creditors (note 12)	(49)	-
Included in pension fund (note 16)	4,330	4,831
	4,281	5,032

	£000
At 1 January 2014	5,032
Deferred tax charge in profit and loss account	(1,591)
Deferred tax charge in statement of total recognised gains and losses	853
Effect of tax rate change on opening asset	(13)
At 31 December 2014	4,281

Notes to the financial statements

at 31 December 2014

6. Tax (continued)

The deferred tax consists of:

	2014	*2013*
	£000	*£000*
(Accelerated)/decelerated capital allowances	(318)	25
Other timing differences	270	176
Pension liability	4,330	4,831
Undiscounted net deferred tax asset	4,282	5,032

(d) Factors that may affect future tax charges

The company has a deferred tax asset of £81,516 (2013 - £81,516) in respect of capital losses. This has not been offset in full by a valuation allowance due to the uncertainty of future profits against which the losses could be offset. The company also has an unrecognised deferred tax asset of £272,496 (2013 - £272,496) in respect of surplus ACT.

In 2012 the UK government enacted legislation to reduce the main rate of corporation tax by 2% to 24% from 1 April 2012 and by a further 1% to 23% from 1 April 2013.

Further reductions to the main rate were enacted in July 2013, which reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

Tax relief on contributions to the defined benefit pension scheme is allocated to the profit and loss account to the extent the contributions are considered to be allocated against the pension cost recognised in the profit and loss account in 2014. Tax relief on the remaining contributions which are considered to fund actuarial losses recorded in the STRGL, is reported directly in the STRGL.

7. Dividends

	2014	*2013*
	£000	*£000*
Equity dividends on ordinary shares - interim declared and paid	203	332

Notes to the financial statements

at 31 December 2014

8. Tangible fixed assets

	Long-leasehold property £000	*Short-leasehold property £000*	*Plant and equipment £000*	*Total £000*
Cost:				
At 31 December 2013	14,747	12,856	9,974	37,577
Additions	-	334	1,622	1,956
Disposals	-	-	(2)	(2)
At 31 December 2014	14,747	13,190	11,594	39,531
Depreciation:				
At 31 December 2013	3,143	4,432	7,859	15,434
Charge for the year	132	949	1,469	2,550
Disposals	-	-	(1)	(1)
At 31 December 2014	3,275	5,381	9,327	17,983
Net book value:				
At 31 December 2013	11,604	8,424	2,115	22,143
At 31 December 2014	11,472	7,809	2,267	21,548

9. Investments

	Shares in group undertakings £000
Cost:	
At 31 December 2013 and 31 December 2014	40

Subsidiary undertakings	*Principal activity*	*Percentage of ordinary share capital held directly or indirectly by the company*
Magazine Holdings Ltd	Magazine Publishing	100%
Pharos Publications Ltd	Magazine Publishing	100%
Tatler Publishing Company Ltd	Magazine Publishing	100%
Condé Nast (CNI) Limited	Non-trading	100%

Notes to the financial statements

at 31 December 2014

9. Investments (continued)

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

	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 Ltd is the distribution of magazines. Business People Publications Limited ceased trading during 1992.

10. Stock

	2014 *£000*	*2013* *£000*
Raw materials and consumables	1,406	1,650
Work in progress	1,992	1,408
Finished goods and goods for resale	12	3
	3,410	3,061

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

11. Debtors

	2014 *£000*	*2013* *£000*
Trade debtors	20,724	22,111
Amounts owed by group undertakings	43,299	37,018
Other debtors	2,061	1,479
Prepayments and accrued income	2,878	3,167
Deferred taxation	-	201
Corporation tax debtor	157	-
	69,119	63,976

Notes to the financial statements

at 31 December 2014

12. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	1,786	1,091
Amounts owed to parent and fellow group undertakings	15,085	13,315
Corporation tax payable	-	769
Other creditors	7,332	5,782
Other taxation and social security	1,311	1,051
Accruals and deferred income	9,431	11,387
Deferred taxation	49	-
	34,994	33,395

13. Share capital

Authorised, allotted, called up and fully paid	2014 No.	2013 No.	2014 £000	2013 £000
Ordinary shares of £100 each	220,000	220,000	22,000	22,000

14. Reconciliation of shareholders' funds and movement on reserves

	Profit and loss account	*Share capital*	*Total share-holders' funds*
	£000	*£000*	*£000*
Balance at 1 January 2014	29,253	22,000	51,253
Profit for the year	12,549	-	12,549
Pension fund actuarial loss	(8,650)	-	(8,650)
Pension fund deferred tax credit	853	-	853
Current tax effect of pension	1,006	-	1,006
Dividends paid	(203)	-	(203)
At 31 December 2014	34,808	22,000	56,808

Notes to the financial statements

at 31 December 2014

15. Commitments

Commitments under operating leases are as follows:

	31 Dec 2014 Land and Buildings £000	31 Dec 2014 Other Operating Leases £000	31 Dec 2013 Land and Buildings £000	31 Dec 2013 Other Operating Leases £000
Expiring within one year	-	-	27	-
Expiring between two and five years	1,866	289	-	121
Expiring after more than five years	190	-	1,963	-
	2,056	289	1,990	121

Notes to the financial statements

at 31 December 2014

16. Pension fund

The Company operates a defined benefit pension scheme, The Condé Nast Publications Limited Retirement Benefits Scheme. The scheme funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuarial advisor.

The pension expense charged to the profit and loss account makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses (STRGL) in the year that they occur.

The full actuarial valuation as at 5 April 2014 was updated to the accounting date by an independent qualified actuary in accordance with FRS17. As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method.

Components of pension cost	*Year to 31 Dec 2014*	*Year to 31 Dec 2013*
	£000	*£000*
Current service cost	1,190	2,870
Interest cost	4,240	3,950
Expected return on plan assets	(4,130)	(3,050)
Curtailment gain	(7,340)	-
Total pension (gain)/cost recognised in the P&L account	(6,040)	3,770
Actuarial losses immediately recognised	8,650	2,340
Total pension cost recognised in the STRGL	8,650	2,340
Cumulative amount of actuarial losses immediately recognised	34,130	25,480

Amounts recognised in the balance sheet	*At year-end 31 Dec 2014*	*At year-end 31 Dec 2013*
	£000	*£000*
Present value of funded obligations	(104,760)	(94,970)
Present value of unfunded obligations	(620)	(480)
Fair value of plan assets	83,730	71,730
Gross pension liability	(21,650)	(23,720)
Related deferred tax asset	4,330	4,831
Net pension liability	(17,320)	(18,889)

Notes to the financial statements

at 31 December 2014

16. Pension fund (continued)

The scheme is represented on the balance sheet at 31 December 2014 as a liability of £21,650k under FRS17 (2013 - £23,720k), which amounts to £17,320k net of deferred tax (2013 - £18,889k).

	At year-end 31 Dec 2014 £000	*At year-end 31 Dec 2013 £000*
Change in benefit obligation		
Benefit obligation at beginning of year	95,450	83,250
Current service cost	1,190	2,870
Interest cost	4,240	3,950
Plan participants' contributions	10	30
Actuarial losses	13,410	6,560
Benefits paid	(1,580)	(1,210)
Plan Curtailments	(7,340)	-
Benefit obligation at end of year	105,380	95,450

Change in plan assets	*At year-end 31 Dec 2014 £000*	*At year-end 31 Dec 2013 £000*
Fair value of plan assets at beginning of year	71,730	59,840
Expected return on plan assets	4,130	3,050
Employer contribution	4,680	5,800
Plan participants' contributions	10	30
Actuarial gain	4,760	4,220
Benefits paid	(1,580)	(1,210)
Fair value of plan assets at end of year	83,730	71,730

Fund assets

The weighted-average asset allocation at the year-end were as follows:

Asset category:	*Plan assets at 31 Dec 14*	*Plan assets at 31 Dec 13*
Equities	48.6%	53.1%
Bonds	51.1%	46.2%
Cash	0.3%	0.7%
	100%	100%

Notes to the financial statements

at 31 December 2014

16. Pension fund (continued)

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.7% assumption for the projected pension expense over 2014 (4.9% for 2013).

	Year to 31 Dec 2014	*Year to 31 Dec 2013*
Actual return on plan assets	8.89	7.27

Weighted average assumptions used to determine benefit obligations at:

	31 Dec 2014	*31 Dec 2013*
Discount rate	3.8%	4.7%
Rate of compensation increase	2.0%	4.3%
Rate of price inflation	3.0%	3.3%
Rate of pension increases in payment (LPI 5%)	3.0%	3.2%

Weighted average assumptions used to determine net pension cost for year ended:

	31 Dec 2014	*31 Dec 2013*
Discount rate	4.7%	4.7%
Expected long-term return on plan assets	5.7%	4.9%
Rate of compensation increase	4.3%	4.0%
Rate of price inflation	3.3%	3.0%
Rate of pension increase in payment (LPI 5%)	3.2%	2.9%

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

	31 Dec 2014		31 Dec 2013	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	24.1	26.1	24.2	26.6
Member age 45 (life expectancy at age 65)	25.9	28.0	26.0	28.6

Five year history:

Financial year ending in	***2014***	***2013***	***2012***	***2011***	***2010***
Benefit obligation at end of year (£000)	105,380	95,450	83,250	76,101	67,951
Fair value of plan assets at end of year (£000)	83,730	71,730	59,840	48,830	43,040
Deficit (£000)	(21,650)	(23,720)	(23,410)	(27,271)	(24,911)
Difference between expected and actual return on scheme assets (£000)	4,760	4,220	3,610	(2,350)	1,300
Percentage of scheme assets	(6%)	(6%)	(6%)	(5%)	3%
Experience losses on scheme liabilities (£000)	(750)	-	-	(550)	-
Percentage of scheme liabilities	(1%)	-	-	(1%)	-

Notes to the financial statements

at 31 December 2014

17. Other statutory information

All directors received advances on corporate expenses during the year to enable them to perform their duties for the company.

18. Related party transactions

The company has taken advantage of the exemption under FRS 8 from disclosing transactions with other group undertakings.

During the year, the company had the following transactions with other related parties:

Agreements under which the company received distribution services from Condé Nast and National Magazine Distributors Ltd (COMAG) amounted to £17,307,664 (2013 – £18,806,832). At the yearend COMAG owed the group £1,888,382 (2013 – £2,783,770) in respect of these transactions.

19. Ultimate parent undertaking

The immediate parent undertaking of the company is Condé Nast International Limited, which is incorporated in the UK.

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 financial statements.