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THE CONDÉ NAST PUBLICATIONS LIMITED

Report and Accounts

31 December 2000

 ERNST & YOUNG



The Condé Nast Publications Limited

Registered No. 226900

DIRECTORS

J Newhouse
N Coleridge
M Garvin
S Boler
P Stuart
S Quinn
A Holcroft
A Shulman
S Amore
V Matthews
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
London WC2B 4RP

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 2000.

RESULTS AND DIVIDENDS

The consolidated profit after taxation was £24,366,000 (1999 – £27,641,000). The directors proposed the payment of a dividend of £12,000,000 (1999 – £12,002,000). The retained profit has been transferred to reserves.

On 2 April 2001 an interim dividend of £40,000,000 was declared and paid.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 31 December 2000 were as listed on page 1. In addition, D Gresty resigned on 28 July 2000 and M Hogg resigned on 13 November 2000.

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 £6,267 (1999 – £17,559).

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.

The Condé Nast Publications Limited

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board


Secretary

The Condé Nast Publications Limited

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 of 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 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.

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 on the basis of 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 the 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.

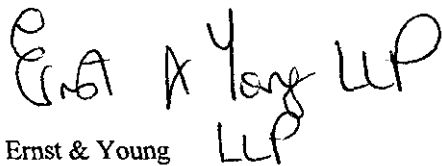
Basis of opinion

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 judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 and of the group as at 31 December 2000 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
Registered Auditor
London

18 October 2001

The Condé Nast Publications Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £000	1999 £000
TURNOVER			
Continuing operations		84,388	76,933
	2	84,388	76,933
Change in stocks of finished goods and work in progress		77	345
Other operating income		2,975	7,918
		87,440	85,196
Raw materials and consumables		(8,553)	(8,111)
Other external charges		(27,067)	(29,415)
Staff costs	5	(23,519)	(21,442)
Depreciation	3	(1,761)	(1,739)
Other operating charges		(3,650)	(3,170)
		(64,550)	(63,877)
OPERATING PROFIT			
Continuing operations		22,890	21,319
Income from interests in associated undertakings		1,096	1,582
(Loss)/gain on disposal of investment	11	(4,473)	1,845
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		19,513	24,746
Other interest receivable and similar income		12,141	9,032
Interest payable and similar charges	6	(118)	(45)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		31,536	33,733
Tax on profit on ordinary activities	7	(7,170)	(6,092)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		24,366	27,641
Dividend		(12,000)	(12,002)
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	12,366	15,639

The Condé Nast Publications Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2000

	2000	1999
	£000	£000
Profit for the financial year	24,366	27,641
Currency translation gains on foreign investments	17	222
Opening reserves of previously non-consolidated subsidiaries	—	604
Total recognised gains and losses relating to the year	<u>24,383</u>	<u>28,467</u>

The Condé Nast Publications Limited

CONSOLIDATED BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	10	21,765	20,949
Investments	11	300	255
		<u>22,065</u>	<u>21,204</u>
CURRENT ASSETS			
Stock	12	2,855	2,541
Debtors	13	28,483	25,740
Investments	11	163,607	152,915
Cash at bank and in hand		43,514	29,845
		<u>238,459</u>	<u>211,041</u>
CREDITORS: amounts falling due within one year	14	(40,212)	(23,973)
NET CURRENT ASSETS		<u>198,247</u>	<u>187,068</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>220,312</u>	<u>208,272</u>
CREDITORS: amounts falling due after one year	15	(2,095)	–
PROVISION FOR LIABILITIES AND CHARGES	16	(282)	(2,720)
TOTAL NET ASSETS		<u>217,935</u>	<u>205,552</u>
CAPITAL AND RESERVES			
Called up share capital	17	84,659	84,659
Share premium account	18	13,330	13,330
Reserves	18	119,946	107,563
EQUITY SHAREHOLDERS' FUNDS		<u>217,935</u>	<u>205,552</u>



Director

The Condé Nast Publications Limited

BALANCE SHEET

at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	10	21,161	20,363
Investments	11	40	40
		<u>21,201</u>	<u>20,403</u>
CURRENT ASSETS			
Stock	12	2,300	2,250
Debtors	13	20,907	19,470
Investments		163,607	152,915
Cash at bank and in hand		33,939	23,341
		<u>220,753</u>	<u>197,976</u>
CREDITORS: amounts falling due within one year	14	<u>(33,149)</u>	<u>(20,896)</u>
NET CURRENT ASSETS		<u>187,604</u>	<u>177,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>208,805</u>	<u>197,483</u>
TOTAL NET ASSETS		<u>208,805</u>	<u>197,483</u>
CAPITAL AND RESERVES			
Called up share capital	17	84,659	84,659
Share premium account	18	13,330	13,330
Capital contributions	18	31,500	31,500
Reserves	18	79,316	67,994
EQUITY SHAREHOLDERS' FUNDS		<u>208,805</u>	<u>197,483</u>



Director

The Condé Nast Publications Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 2000

	<i>Notes</i>	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	19(a)	19,371	25,954
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		12,141	9,032
Interest paid		(118)	(45)
Dividend received from associated undertaking		700	1,050
NET CASH INFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		12,723	10,037
TAXATION			
Taxation paid		(6,909)	(3,694)
Taxation repaid		3,467	2,397
NET CASH OUTFLOW FROM TAXATION		(3,442)	(1,297)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(3,021)	(1,552)
Proceeds from sale of fixed assets		38	33
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(2,983)	(1,519)
ACQUISITIONS AND DISPOSALS			
Proceeds from disposal of associated undertaking		-	1,986
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS		-	1,986
DIVIDENDS			
Equity dividends paid		(12,000)	(12,002)
MANAGEMENT OF LIQUID RESOURCES			
Purchase of current asset investments		-	-
INCREASE IN CASH	19(b)	13,669	23,159

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

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 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:

Short and long leaseholds	-	Term of lease
Plant and office equipment	-	10%-33%
Computer equipment	-	10%-33%
Motor vehicles	-	25%

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.

NOTES TO THE ACCOUNTS

at 31 December 2000

1. ACCOUNTING POLICIES (continued)

Stocks and work in progress

Stocks comprise raw materials, 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 (eg. 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, 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.

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

2. SEGMENTAL ANALYSIS

The following provides a segmental analysis of turnover:

	2000 £000	1999 £000
By geographical destination:		
United Kingdom	63,933	52,386
Rest of the world	20,455	24,547
	<u>84,388</u>	<u>76,933</u>
By geographical origin:		
United Kingdom	68,983	65,411
Rest of the world	15,405	11,522
	<u>84,388</u>	<u>76,933</u>

The activities of the group are principally in the areas of magazine publishing. An analysis of turnover, profit 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/(crediting):

	2000 £000	1999 £000
Operating lease rentals:		
Plant and machinery	—	—
Other operating leases	263	273
Depreciation – owned assets	1,761	1,739
Auditors' remuneration – audit	59	43
– non-audit services	71	70
Loss/(profit) on sale of tangible fixed assets	33	11
Foreign exchange (gain)/loss	(11,917)	4,186
Rents receivable – operating leases	(269)	(162)
	<u> </u>	<u> </u>

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

4. DIRECTORS' EMOLUMENTS

	2000	1999
	£000	£000
Remuneration as directors	2,109	1,893
Pension contribution	100	51
	<u>2,209</u>	<u>1,944</u>

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:

	2000	1999
	£000	£000
Aggregate emoluments	<u>305</u>	<u>267</u>

The accrued pension benefits for the highest paid director as at 31 December 2000 amounted to £76,000 (1999 – £60,000).

5. STAFF COSTS

	2000	1999
	£000	£000
Wages and salaries	19,959	18,289
Social security costs	2,787	2,376
Other pension costs	773	777
	<u>23,519</u>	<u>21,442</u>

The average number of persons employed by the group were 519 (1999 – 509).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£000	£000
Interest payable on bank loans and overdrafts repayable within five years	(118)	(45)
	<u>(118)</u>	<u>(45)</u>

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Corporation tax at 30% (1999 – 30%)		
Current	10,532	7,062
Deferred	–	–
Overseas taxation	7	5
Over provision in respect of prior years	(400)	(2,538)
Write (back)/off of ACT	(3,321)	1,021
Associated undertakings	352	542
	<u>7,170</u>	<u>6,092</u>

8. DIVIDENDS

	2000 £000	1999 £000
Equity dividends on ordinary shares:		
Final paid	12,000	12,002
	<u>12,000</u>	<u>12,002</u>

On 2 April 2001 an interim dividend of £40,000,000 was declared and paid.

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 £23,322,000 (1999 – £13,545,000).

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

10. TANGIBLE FIXED ASSETS

Group

	<i>Long leasehold property £000</i>	<i>Short leasehold property £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost or valuation:				
At 31 December 1999	15,918	5,114	7,926	28,958
Exchange adjustment	-	-	2	2
Additions	-	1,192	1,829	3,021
Disposals	-	-	(291)	(291)
Transfers to group companies	-	(10)	(617)	(627)
Reclassification	(1,171)	1,171	-	-
At 31 December 2000	14,747	7,467	8,849	31,063
Depreciation:				
At 31 December 1999	1,342	2,376	4,291	8,009
Exchange adjustment	-	-	1	1
Charge for the year	134	566	1,061	1,761
Transfers to group companies	-	-	(253)	(253)
Disposals	-	-	(220)	(220)
Reclassification	(52)	52	-	-
At 31 December 2000	1,424	2,994	4,880	9,298
Net book value:				
At 31 December 2000	13,323	4,473	3,969	21,765
At 31 December 1999	14,576	2,738	3,635	20,949

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

10. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	<i>Long leasehold property £000</i>	<i>Short leasehold property £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost:				
At 31 December 1999	15,918	5,114	6,615	27,647
Additions	—	1,192	1,611	2,803
Disposals	—	—	(105)	(105)
Transfers to group companies	—	(10)	(617)	(627)
Reclassifications	(1,171)	1,171	—	—
At 31 December 2000	14,747	7,467	7,504	29,718
Depreciation:				
At 31 December 1999	1,342	2,376	3,566	7,284
Disposals	—	—	(90)	(90)
Charge for the year	134	566	916	1,616
Transfers to group companies	—	—	(253)	(253)
Reclassifications	(52)	52	—	—
At 31 December 2000	1,424	2,994	4,139	8,557
Net book value:				
At 31 December 2000	13,323	4,473	3,365	21,161
At 31 December 1999	14,576	2,738	3,049	20,363

11. INVESTMENTS

Group

	<i>Shares in the net assets of associated undertakings £000</i>	<i>Other investments £000</i>	<i>Total £000</i>
Cost or amount under equity method of accounting:			
At 31 December 1999	253	2	255
Change in net asset values	45	—	45
At 31 December 2000	298	2	300

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

11. INVESTMENTS (continued)

Company

	<i>Shares in group undertakings £000</i>	<i>Total £000</i>
Cost:		
At 31 December 1999 and 31 December 2000	40	40

<i>Subsidiary undertakings</i>	<i>Principal activity</i>	<i>Percentage of ordinary share capital directly or indirectly held the company</i>
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%
Les Publications Condé Nast SA	Magazine Publishing	100%
Media Edition International SNC	Magazine Publishing	100%
Publications VHIM SNC	Magazine Publishing	100%
London International Ltd	Management Company	100%

Vesey Publications Ltd is registered and operates in the Republic of Ireland. Les Publications Condé 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 and operate primarily within the United Kingdom.

Media Edition International SNC and Publications VHIM SNC are subsidiary undertakings of Les Publications Condé Nast SA. All other companies are direct subsidiaries of The Condé Nast Publications Limited.

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

11. INVESTMENTS (continued)

<i>Associated undertakings</i>	<i>Percentage of ordinary share capital held directly by the company</i>
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.

The loss on disposal of investment relates to an adjustment made with respect to the sale of Random House (UK) Limited in 1998.

Current asset investments

The current asset investment of £163,607,000 represents a holding in a managed US dollar fund of Chase Vista Funds Plc.

12. STOCK

	<i>2000</i>	<i>Group</i>	<i>2000</i>	<i>Company</i>
	<i>£000</i>	<i>1999</i>	<i>£000</i>	<i>1999</i>
		<i>£000</i>		<i>£000</i>
Raw materials and consumables	1,760	891	1,437	799
Work in progress	981	1,552	771	1,372
Finished goods and goods for resale	114	98	92	79
	<u>2,855</u>	<u>2,541</u>	<u>2,300</u>	<u>2,250</u>

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

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

13. DEBTORS

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade debtors	17,805	17,980	12,384	14,273
Amounts owed by group undertakings	7,660	4,692	6,581	3,873
Other debtors	1,395	1,100	704	507
Prepayments and accrued income	1,623	1,968	1,238	817
	<u>28,483</u>	<u>25,740</u>	<u>20,907</u>	<u>19,470</u>

Included within other debtors is £40,870 which is due after more than one year.

14. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade creditors	4,617	8,336	2,344	3,512
Amounts owed to parent and fellow group undertakings	9,796	3,019	12,982	5,977
Corporation tax payable	6,978	4,532	6,886	3,628
Other creditors	9,047	2,821	4,033	2,514
Other taxation and social security	1,872	1,497	1,871	1,497
Accruals and deferred income	7,902	3,768	5,033	3,768
	<u>40,212</u>	<u>23,973</u>	<u>33,149</u>	<u>20,896</u>

15. CREDITORS: amounts falling due after one year

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£000	£000	£000	£000
Amounts owed to parent and fellow group undertakings	2,095	—	—	—
	<u>2,095</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

16. PROVISIONS FOR LIABILITIES AND CHARGES

<i>Group</i>	<i>Deferred taxation £000</i>	<i>Other £000</i>	<i>Total £000</i>
Balance at 31 December 1999	—	2,720	2,720
Utilised during the year	—	(53)	(53)
Transfer to accruals	—	(2,385)	(2,385)
Balance at 31 December 2000	—	282	282

Other provisions relate to restructuring costs.

17. SHARE CAPITAL

	<i>2000 £000</i>	<i>1999 £000</i>
Authorised, allotted, called up and fully paid: 846,593 ordinary shares of £100 each	84,659	84,659

18. MOVEMENT ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS

<i>Group</i>	<i>Profit and loss account £000</i>	<i>Special reserve £000</i>	<i>Total reserves £000</i>	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Capital shareholders' contribution £000</i>	<i>Total shareholders' funds £000</i>
At 31 December 1999	107,563	—	107,563	84,659	13,330	—	205,552
Exchange adjustments	17	—	17	—	—	—	17
Profit for the year	24,366	—	24,366	—	—	—	24,366
Dividends paid	(12,000)	—	(12,000)	—	—	—	(12,000)
At 31 December 2000	119,946	—	119,946	84,659	13,330	—	217,935

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

18. MOVEMENT ON RESERVES AND RECONCILIATION OF SHAREHOLDERS' FUNDS (continued)

	<i>Profit and loss account</i>	<i>Special reserve</i>	<i>Total reserves</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Capital contribution</i>	<i>Total shareholders' funds</i>
	£000	£000	£000	£000	£000	£000	£000
<i>Company</i>							
At 31 December 1999	31,324	36,670	67,994	84,659	13,330	31,500	197,483
Profit for the year	23,322	—	23,322	—	—	—	23,322
Dividend paid	(12,000)	—	(12,000)	—	—	—	(12,000)
At December 2000	42,646	36,670	79,316	84,659	13,330	31,500	208,805

Within the group's retained profit as at 31 December 2000, £44,400 (1999 – £12,000) of losses retained by associates are included.

19. NOTES TO THE STATEMENT OF CASH FLOWS

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

	<i>2000</i>	<i>1999</i>
	£000	£000
Operating profit	22,890	21,319
Depreciation	1,761	1,780
Loss/(profit) on sale of tangible fixed assets	33	(11)
(Increase)/decrease in stocks	(314)	333
(Increase)/decrease in debtors	(2,743)	9,512
Increase/(decrease) in creditors	8,473	(13,442)
Decrease in advance royalties	—	382
(Decrease)/increase in provisions	(53)	1,986
Exchange differences	(10,676)	4,033
Properties held for resale	—	62
Net cash inflow from operating activities	19,371	25,954

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

	<i>2000</i>	<i>1999</i>
	£000	£000
Increase in cash in the year	13,669	23,159
Net funds at 1 January 2000	29,845	6,081
Opening reserves of previously non-consolidated subsidiaries	—	605
Net funds at 31 December 2000	43,514	29,845

The Condé Nast Publications Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(c) Analysis of net funds

	<i>At 1 January 2000 £000</i>	<i>Cash flows £000</i>	<i>Non-cash movements £000</i>	<i>At 31 December 2000 £000</i>
Cash at bank and in hand	29,845	13,669	–	43,514
	29,845	13,669	–	43,514
Current asset investments	152,915	–	10,692	163,607
	182,760	13,669	10,692	207,121

20. COMMITMENTS

- (1) The capital commitments outstanding at the year end which were contracted for but not provided for were £nil (1999 – £nil). This includes the group's share of Condé Nast and National Magazine Distributors Limited (COMAG), an associated undertaking.
- (2) At 31 December 2000 there was no capital expenditure authorised by the Board but not contracted for (1999 – £nil).
- (3) There are no commitments to authors for payment of royalty advances at 31 December 1999 (1999 – £nil). 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:

	<i>2000</i>		<i>1999</i>	
	<i>Land and buildings £000</i>	<i>Other £000</i>	<i>Land and buildings £000</i>	<i>Other £000</i>
Expiring within one year	–	88,451	–	20,900
Expiring between one and five years	–	163,905	–	187,755
Expiring after more than five years	–	–	–	–
	–	252,356	–	208,655

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NOTES TO THE ACCOUNTS

at 31 December 2000

21. 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 £994,156 (1999 – £777,615). The pension cost relating to the UK Schemes was £700,396 (1999 – £710,268).

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 1999. 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.

22. OTHER STATUTORY INFORMATION

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

	<i>Liability outstanding at 1 January 2000</i>	<i>Movement in the year</i>	<i>Liability outstanding 31 December 2000</i>	<i>Maximum liability outstanding</i>
A Holcroft	293,466	(1,534)	295,000	295,000
S Quinn	88,287	10,269	78,018	88,287
A Shulman	29,287	6,973	22,314	29,287

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.

23. 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 and National Magazine Distributors Limited (COMAG) amounted to £12,926,000 (1999 – £12,952,000). At the year end the group owed COMAG £250,000 (1999 – £1,094,000) in respect of these transactions.

24. 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.