

THE CONDÉ NAST PUBLICATIONS LIMITED
Registration number 226900

DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS

31 DECEMBER 1995



THE CONDÉ NAST PUBLICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors present their report and the audited financial statements of the group for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities during the year were magazine and book publishing. The profit and loss account for the year is set out on page 5.

RESULTS AND DIVIDENDS

The consolidated profit after taxation was £9,595,000 (1994: £5,983,000). The directors do not propose the payment of a dividend (1994 - £Nil). The profit has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors, and their interests in shares of the company at the beginning and end of the year, are given below:

		<u>Ordinary shares</u>	
		<u>1995</u>	<u>1994</u>
Mr D Salem	(Chairman)	1	1
Mr N Coleridge		-	-
Mr MJM Garvin		-	-
Miss S Boler		-	-
Mr S Quinn		-	-
Mr P Stuart		-	-
Mrs D Gresty		-	-
Mrs A Holcroft		-	-

THE CONDÉ NAST PUBLICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

FIXED ASSETS

The movements in fixed assets during the year are set out in note 6 to the financial statements.

FUTURE DEVELOPMENTS

The group will continue to develop its magazine and book 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 £20,222 (1994: £52,813).

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 FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

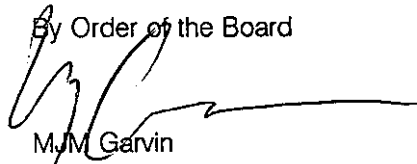
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution proposing their re-appointment and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



M.J.M. Garvin
Secretary

2 September 1996

Vogue House
Hanover Square
London
W1R 0AD

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF THE CONDÉ NAST PUBLICATIONS LIMITED

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company and 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and of the group as at 31 December 1995 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditors
London

3 September 1996

THE CONDÉ NAST PUBLICATIONS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995**

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
TURNOVER FROM CONTINUING OPERATIONS	1(3), 2	132,198	126,880
Change in stocks of finished goods and work in progress		4,713	(85)
Other operating income		<u>1,354</u>	<u>1,870</u>
		138,265	128,665
Raw materials and consumables		41,946	36,813
Other external charges		56,433	55,654
Staff costs	3	27,616	27,792
Depreciation	6	3,959	3,259
Other operating charges		<u>1,593</u>	<u>1,420</u>
		<u>131,547</u>	<u>124,938</u>
OPERATING PROFIT FROM CONTINUING OPERATIONS		6,718	3,727
Income from interests in associated undertakings		<u>2,092</u>	<u>1,766</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		8,810	5,493
Other interest receivable and similar income		1,642	669
Interest payable and similar charges	3	<u>(72)</u>	<u>(92)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	10,380	6,070
Tax on profit on ordinary activities	4	<u>(785)</u>	<u>(87)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	<u>9,595</u>	<u>5,983</u>

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historic cost basis.

THE CONDÉ NAST PUBLICATIONS LIMITED

CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1995

	Notes	1995 £'000	1994 £'000
FIXED ASSETS			
Tangible assets	6	57,459	58,652
Investments	7	<u>2,021</u>	<u>1,796</u>
		59,480	60,448
CURRENT ASSETS			
Stocks	8	18,615	13,923
Debtors	9	54,015	54,337
Advance royalties		13,122	14,970
Cash at bank and in hand		<u>27,360</u>	<u>15,926</u>
		113,112	99,156
CREDITORS (amounts falling due within one year)	10	<u>(68,298)</u>	<u>(65,823)</u>
NET CURRENT ASSETS		<u>44,814</u>	<u>33,333</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		104,294	93,781
CREDITORS (amounts falling due after more than one year)	11	(5)	(124)
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(2,604)</u>	<u>(1,557)</u>
TOTAL NET ASSETS		101,685	92,100
CAPITAL AND RESERVES			
Called up share capital	13	80,065	80,065
Share premium account	14	13,330	13,330
Reserves	14	<u>8,290</u>	<u>(1,295)</u>
SHAREHOLDERS' FUNDS		101,685	92,100

The financial statements on pages 5 to 25 were approved by the board of directors on 2 September 1996 and were signed on its behalf by:

N Coleridge

DIRECTOR

Nigel Coleridge

THE CONDÉ NAST PUBLICATIONS LIMITED

COMPANY BALANCE SHEET - 31 DECEMBER 1995

	Notes	1995 £'000	1994 £'000
FIXED ASSETS			
Tangible assets	6	19,296	19,591
Investments	7	<u>149,945</u>	<u>148,727</u>
		169,241	168,318
CURRENT ASSETS			
Stocks	8	1,055	1,109
Debtors	9	16,531	15,850
Cash at bank and in hand		<u>16,435</u>	<u>9,935</u>
		34,021	26,894
CREDITORS (amounts falling due within one year)	10	<u>(21,206)</u>	<u>(16,453)</u>
NET CURRENT ASSETS		<u>12,815</u>	<u>10,441</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		182,056	178,759
CREDITORS (amounts falling due after more than one year)	11	-	(41)
TOTAL NET ASSETS		<u>182,056</u>	<u>178,718</u>
CAPITAL AND RESERVES			
Called up share capital	13	80,065	80,065
Share premium account	14	13,330	13,330
Capital contributions	14	31,500	31,500
Reserves	14	<u>57,161</u>	<u>53,823</u>
SHAREHOLDERS' FUNDS		<u>182,056</u>	<u>178,718</u>

The financial statements on pages 5 to 25 were approved by the board of directors on 2 September 1996 and were signed on its behalf by:

N Coleridge

DIRECTOR

Niall M. Coleridge

THE CONDÉ NAST PUBLICATIONS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	1995 £'000	1994 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15(1)	<u>9,755</u>	<u>2,542</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,642	669
Interest paid		(1,625)	(3,092)
Dividend received from associated undertaking		<u>1,050</u>	<u>980</u>
NET CASH INFLOW/(OUTFLOW) FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		<u>1,067</u>	<u>(1,443)</u>
TAXATION			
Consortium relief received		3,221	-
Taxation paid		<u>-</u>	<u>(5)</u>
NET CASH INFLOW/(OUTFLOW) FROM TAXATION		<u>3,221</u>	<u>(5)</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(2,977)	(4,217)
Proceeds of sale of fixed assets		358	331
Refund of stamp duty		-	84
Proceeds of sale of investment		136	-
Sale of short term money market investments		-	2,500
Purchase of listed shares		(3)	-
Proceeds of sale of subsidiary		<u>-</u>	<u>204</u>
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(2,486)</u>	<u>(1,098)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>11,557</u>	<u>(4)</u>
FINANCING			
Currency translation difference		-	103
Capital element of finance lease rental payments		<u>(123)</u>	<u>(256)</u>
NET CASH (OUTFLOW) FROM FINANCING		<u>(123)</u>	<u>(153)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15(2)	<u>11,434</u>	<u>(157)</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1995</u> £'000	<u>1994</u> £'000
Profit for the financial year	9,595	5,983
Adjustment to cost of investment	-	84
Currency translation differences on foreign investments	<u>(10)</u>	<u>213</u>
Total recognised gains relating to the year	<u>9,585</u>	<u>6,280</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Group</u> £'000	<u>Company</u> £'000
Profit for the financial year	9,595	3,338
Other recognised gains and (losses)	<u>(10)</u>	<u>-</u>
	9,585	3,338
Opening shareholders' funds at 1 January 1995	<u>92,100</u>	<u>178,718</u>
Closing shareholders' funds at 31 December 1995	<u>101,685</u>	<u>182,056</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements have been prepared under the historical cost accounting convention as modified by the revaluation of freehold properties and in accordance with applicable accounting standards.

(2) Basis of consolidation

The group financial statements incorporate the financial statements 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.

(3) Turnover

Turnover represents billings to customers for advertising, newsstand 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.

(4) 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% - 20%
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.

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(5) Operating leases

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

(6) Finance leases

Assets held under finance lease are capitalised at their fair market value and depreciated according to the rates on page 10. Commitments under these leases are included within creditors.

(7) 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, such a premium is written off to consolidated reserves in the year in which it arises.

(8) 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.

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(9) 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.

(10) 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. Assets and liabilities overseas 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.

(11) 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.

(12) Pensions

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

2 SEGMENTAL REPORTING

Turnover	<u>1995</u> £'000	<u>1994</u> £'000
By geographical destination:		
United Kingdom	89,941	86,121
Australia, New Zealand and South Africa	19,069	20,370
Rest of the world	<u>23,188</u>	<u>20,389</u>
	<u>132,198</u>	<u>126,880</u>
By geographical origin:		
United Kingdom	113,732	106,804
Australia, New Zealand and South Africa	<u>18,466</u>	<u>20,076</u>
	<u>132,198</u>	<u>126,880</u>

The activities of the group are principally in the areas of magazine and book publishing. An analysis of 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.

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1995</u> £'000	<u>1994</u> £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs:		
Wages and salaries	24,111	24,326
Social security costs	1,863	1,912
Other pension costs	<u>1,642</u>	<u>1,554</u>
Total staff costs	<u>27,616</u>	<u>27,792</u>
Interest payable:		
Interest payable on bank loans and overdrafts repayable within five years	3	2
Interest payable on hire purchase contracts and finance leases	<u>69</u>	<u>90</u>
Total interest payable	<u>72</u>	<u>92</u>
Operating lease rentals:		
Plant and machinery	454	454
Other operating leases	769	676
Depreciation - owned assets	3,882	3,185
- finance leases	77	74
Auditors' remuneration - audit	199	195
- non audit services	130	167
(Profit)/loss on sale of tangible fixed assets	(141)	186
Profit on sale of investments	(62)	-
Exceptional items	201	463
Currency translation differences	(23)	87
Rents receivable	<u>(477)</u>	<u>(363)</u>

The exceptional items relate to redundancy, relocation and restructuring costs.

Freehold properties have been depreciated on a straight line basis over their estimated useful economic life of 50 years for the first time in 1995 (prior year nil provision). The effect of this change in the method of depreciation is to increase the depreciation charge for the year by £561,653.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u> £'000	<u>1994</u> £'000
Corporation tax at 33% (1994 - 33%)		
Current	(1,545)	(500)
Deferred	66	(13)
Under/(over) provision in respect of prior years		
Current	328	-
Deferred	1,113	-
Associated undertakings	<u>(747)</u>	<u>600</u>
Tax (charge)/credit	<u>(785)</u>	<u>87</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 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 dealt with in the accounts of the parent undertaking is £3,338,000 (1994: £2,857,000).

6 TANGIBLE FIXED ASSETS

Group

	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant and equipment £'000	Total £'000
<u>Cost or valuation</u>					
At 1 January 1995	31,715	14,909	2,739	22,187	71,550
Additions	202	-	274	2,620	3,096
Adjustment in respect of a dilapidations settlement	-	(121)	-	-	(121)
Disposals	-	-	(4)	(976)	(980)
Exchange adjustments	<u>24</u>	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>(13)</u>
At 31 December 1995	<u>31,941</u>	<u>14,788</u>	<u>3,009</u>	<u>23,794</u>	<u>73,532</u>
<u>Depreciation</u>					
At 1 January 1995	75	190	799	11,834	12,898
Disposals	-	-	(4)	(761)	(765)
Charge for the year	567	141	314	2,937	3,959
Exchange adjustment	<u>2</u>	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>(19)</u>
At 31 December 1995	<u>644</u>	<u>331</u>	<u>1,109</u>	<u>13,989</u>	<u>16,073</u>
<u>Net book amounts</u>					
At 31 December 1995	<u>31,297</u>	<u>14,457</u>	<u>1,900</u>	<u>9,805</u>	<u>57,459</u>
At 31 December 1994	<u>31,640</u>	<u>14,719</u>	<u>1,940</u>	<u>10,353</u>	<u>58,652</u>

The freehold property above includes £5,367,000 at a valuation which has an original cost of £1,956,000. This property comprises the group's freehold printing works and warehouses which were professionally revalued as at 31 December 1987.

Included in the above is £109,000 (1994: £282,000) of leased assets principally comprising computer equipment and motor vehicles.

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

6 TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Long leasehold <u>property</u> £'000	Short leasehold <u>property</u> £'000	Plant and <u>equipment</u> £'000	<u>Total</u> £'000
<u>Cost</u>				
At 1 January 1995	14,781	2,739	6,202	23,722
Additions	-	274	1,052	1,326
Adjustment in respect of dilapidations settlement	(121)			(121)
Disposals	<u>-</u>	<u>(4)</u>	<u>(331)</u>	<u>(335)</u>
At 31 December 1995	<u>14,660</u>	<u>3,009</u>	<u>6,923</u>	<u>24,592</u>
<u>Depreciation</u>				
At 1 January 1995	190	799	3,142	4,131
Disposals	-	(2)	(260)	(262)
Charge for the year	<u>128</u>	<u>314</u>	<u>985</u>	<u>1,427</u>
At 31 December 1995	<u>318</u>	<u>1,111</u>	<u>3,867</u>	<u>5,296</u>
<u>Net book amounts</u>				
At 31 December 1995	<u>14,342</u>	<u>1,898</u>	<u>3,056</u>	<u>19,296</u>
At 31 December 1994	<u>14,591</u>	<u>1,940</u>	<u>3,060</u>	<u>19,591</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 INVESTMENTS

Group	Interests in associated <u>undertakings</u> £'000	Other participating <u>interests</u> £'000	Other <u>investments</u> £'000	<u>Total</u> £'000
Cost or amount under equity method of accounting:				
At 1 January 1995	1,019	21	756	1,796
Share of retained profits in year	297	-	-	297
Purchase of listed investments	-	2	-	2
Disposals	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(74)</u>
At 31 December 1995	<u>1,316</u>	<u>23</u>	<u>682</u>	<u>2,021</u>

The group's investment in associated undertakings is arrived at after deducting £1,592,000 (1994: £1,887,000) in respect of the group's share of the post-acquisition accumulated losses of those undertakings.

Company	Shares in group <u>undertakings</u> £'000
Balance at 1 January 1995	148,727
Reclassification of shares in Magazine Holdings	<u>1,218</u>
Balance at 31 December 1995	<u>149,945</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 INVESTMENTS (CONTINUED)

With the exception of Vesey Publications Limited which is registered and operates in the Republic of Ireland, Random House Australia Pty Limited, Random House NZ Limited and Random House South Africa (Pty) Limited, which are registered and operate in Australia, New Zealand, and South Africa respectively, all other subsidiary, associated and other undertakings are registered in England and Wales and operate primarily within the United Kingdom.

<u>Subsidiary undertakings</u>	<u>Principal activity</u>	<u>Percentage of ordinary share capital held directly or indirectly by the company</u>
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
Random House Publishing Group Ltd	Book publishing	100
Barrie & Jenkins Ltd	Book publishing	98
The Bodley Head Ltd	Book publishing	100
Chatto and Windus Ltd	Book publishing	100
Jonathan Cape Ltd	Book publishing	100
Hutchinson Properties Ltd	Property & investment	100
Tiptree Book Services Ltd	Book distribution	100
Random House Australia Pty Ltd	Book publishing	100
Random House NZ Ltd	Book publishing	100
Random House South Africa (Pty) Ltd	Book publishing	100
Random House Properties Ltd	Property & Investment	100

A number of minor subsidiary undertakings of The Condé Nast Publications Limited have been omitted from the list above, the results of which do not materially affect the company's annual financial statements.

<u>Associated undertakings</u>	<u>Percentage of ordinary share capital held directly or indirectly by the company</u>
Business People Publications Ltd	50
Condé Nast and National Magazine Distributors Ltd	35
Wagadon Ltd	40

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

All three associates are registered in Great Britain.

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 INVESTMENTS (CONTINUED)

<u>Interests in other undertakings</u>	<u>Principal activity</u>	<u>Percentage of ordinary shares held indirectly by the company</u>	<u>Nominal value of ordinary shares held</u> £
Andersen Press Ltd	Book publishing	20	6,000
Constable and Company Ltd	Book publishing	48	14,023
Helicon Publishing Ltd	Book publishing	26	426,737

All holdings are in the ordinary share capital of the undertakings concerned. All the undertakings are registered in Great Britain. In addition to the above, Random House Properties Limited holds 16% of the preference shares of Constable and Company Limited. Random House Publishing Group Limited holds 38.9% of the preference shares of Helicon Publishing Limited. During 1995 the group also disposed of its investment in Swapequal Limited for a consideration of £136,000.

8 STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,233	933	514	477
Work in progress	7,670	5,702	541	624
Finished goods and goods for resale	<u>9,712</u>	<u>7,288</u>	<u>-</u>	<u>8</u>
	18,615	13,923	1,055	1,109

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

9 DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£'000	£'000	£'000	£'000
Trade debtors	49,186	50,446	8,540	6,233
Amounts owed by group undertakings	-	-	6,366	8,155
Amounts owed by parent undertaking	404	-	-	-
Amounts owed by associated undertakings	586	236	586	236
Consortium relief receivable	-	1,137	-	-
Other debtors	766	103	526	773
Prepayments and accrued income	<u>3,073</u>	<u>2,415</u>	<u>513</u>	<u>453</u>
	54,015	54,337	16,531	15,850

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

10 CREDITORS (amounts falling due within one year)

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Trade creditors	37,754	44,136	5,131	3,991
Amounts owed to parent and fellow subsidiary undertakings	10,609	6,212	9,812	2,818
Group relief payable	-	-	-	5,477
Other creditors	1,979	1,908	1,703	1,719
Other taxation and social security	1,361	845	438	388
Hire purchase and finance lease obligations	147	209	-	-
Accruals and deferred income	14,829	12,513	2,267	2,060
Corporation tax payable	1,619	-	1,855	-
	68,298	65,823	21,206	16,453

11 CREDITORS (amounts falling due after more than one year)

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Hire purchase and finance lease obligations repayable between one and five years	5	124	-	41

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000			
Balance at 1 January 1995				1,557
Amount debited to the profit and loss account				1,047
Balance at 31 December 1995				2,604
	1995		1994	
	Amount provided	Full potential liability	Amount provided	Full potential liability
	£'000	£'000	£'000	£'000
Group				
Excess of capital allowances received over depreciation charge on fixed assets	1,144	1,144	1,260	1,260
Other timing differences	4,125	4,125	4,819	4,819
Unutilised tax losses	(2,574)	(2,574)	(4,522)	(4,522)
ACT	(91)	(91)	-	-
	2,604	2,604	1,557	1,557

The company has a net deferred tax asset which has not been recognised.

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

13 CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Authorised, allotted, called up and fully paid:		
800,650 ordinary shares of £100 each	<u>80,065</u>	<u>80,065</u>

On 23 May 1996 the issued share capital of the company was increased by the authorisation, issue and allotment for cash at par of 45,943 ordinary shares of £100 each.

14 RESERVES

	<u>Profit and loss account</u>	<u>Special reserve</u>	<u>Total reserves</u>	<u>Share premium account</u>	<u>Capital contributions</u>
	£'000	£'000	£'000	£'000	£'000
Group					
At 1 January 1995	(1,295)	-	(1,295)	13,330	-
Exchange adjustments	(10)	-	(10)	-	-
Retained profit for the year	<u>9,595</u>	<u>-</u>	<u>9,595</u>	<u>-</u>	<u>-</u>
At 31 December 1995	<u>8,290</u>	<u>-</u>	<u>8,290</u>	<u>13,330</u>	<u>-</u>
Company					
At 1 January 1995	17,153	36,670	53,823	13,330	31,500
Retained profit for the year	<u>3,338</u>	<u>-</u>	<u>3,338</u>	<u>-</u>	<u>-</u>
At 31 December 1995	<u>20,491</u>	<u>36,670</u>	<u>57,161</u>	<u>13,330</u>	<u>31,500</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

15 NOTES TO THE CASH FLOW STATEMENT

	<u>1995</u> £'000	<u>1994</u> £'000
(1) RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	6,718	3,727
Depreciation charge	3,959	3,259
(Profit)/loss on sale of tangible fixed assets	(141)	186
(Increase)/decrease in stocks	(4,692)	4
(Increase)/decrease in debtors	(439)	4,028
Increase/(decrease) in creditors	2,580	(10,517)
(Increase)/decrease in advance royalties	1,848	1,865
Increase/(decrease) in provisions	-	(13)
Loss on sale of subsidiary	-	3
Profit on sale of investment	(62)	-
Exchange differences	<u>(16)</u>	<u>-</u>
Net cash inflow from operating activities	<u>9,755</u>	<u>2,542</u>

(2) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>1995</u> £'000	<u>1994</u> £'000
Balance at 1 January	15,926	16,083
Net cash inflow	<u>11,434</u>	<u>(157)</u>
Balance at 31 December	<u>27,360</u>	<u>15,926</u>

(3) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1995</u> £'000	<u>1994</u> £'000	Change <u>in year</u> £'000
Cash at bank and in hand	<u>27,360</u>	<u>15,926</u>	<u>11,434</u>

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

15 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(4) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Capital element of finance lease rental payments £'000
Balance at 1 January 1995	176
Repayment	(123)
Balance at 31 December 1995	53

16 COMMITMENTS

- (1) Capital commitments outstanding at the year end which were contracted for but not provided amounted to £177,000 (1994: £252,000).
- (2) There are commitments to authors for payment of royalty advances amounting to £19,965,000 at 31 December 1995 (1994 - £17,952,000). Together with the advances already paid these will be charged against sales of future accounting periods as the books are published.
- (3) Commitments under operating leases to pay rentals during the forthcoming year are as follows:

	1995		1994	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	46	113	82	61
Expiring between one and five years	198	350	264	278
Expiring after five years	544	-	310	-
	788	463	656	339

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

17 PENSION FUND

The group has two defined benefit pension schemes for its UK employees; The Condé Nast Retirement Benefits Scheme and The Random House Pension Scheme which was merged with the Century Hutchinson Pension Scheme in September 1991. The assets of these schemes are held in separate trustee administered funds. The overseas operations of The Random House Group provide pension benefits to local employees which are smaller in size than the UK schemes.

The total pension cost for the group was £1,641,648 (1994: £1,553,747). The pension cost relating to the UK schemes was £1,408,648 (1994: £1,318,747). 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 Random House Pension Scheme was last actuarially assessed in December 1993 and the Condé Nast Scheme in April 1994. The principal assumptions used were that the rate of return on investments would be 9.5% per annum and that salary increases would average 7.0% - 8.0% per annum.

The most recent actuarial valuation of the Condé Nast Scheme showed that the market value of the scheme was £6.9 million which represented more than 100% of the benefits that had accrued to members based on salaries at that date.

The most recent actuarial valuation of the Random House Pension Scheme showed that the market value of the scheme was £11.1 million which represented 89% of the benefits that had accrued to members at that date. The funding deficiency is being corrected through increased contributions over a ten year period which commenced on 1 January 1994.

18 EMPLOYEES

The average number of persons employed by the group was 1,134 (1994: 1,196).

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

19 DIRECTORS' EMOLUMENTS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Remuneration as directors	839	801
Pension contributions	<u>75</u>	<u>88</u>
	914	889
	<u>=====</u>	<u>=====</u>

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

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Chairman	<u>44</u>	<u>41</u>
Highest paid director	<u>172</u>	<u>155</u>

The table below shows the number of directors, whose emoluments, excluding pension contributions, were within the bands stated.

	<u>1995</u>	<u>1994</u>
£		
Nil - 5,000	-	1
5,001 - 10,000	-	1
40,001 - 45,000	1	1
55,001 - 60,000	-	1
65,001 - 70,000	-	2
75,001 - 80,000	1	-
80,001 - 85,000	1	1
100,001 - 105,000	-	1
105,001 - 110,000	-	1
110,001 - 115,000	-	1
125,001 - 130,000	2	-
135,001 - 140,000	2	-
150,001 - 155,000	-	1
180,001 - 185,000	1	-

THE CONDÉ NAST PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

20 ULTIMATE PARENT UNDERTAKING

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

The ultimate parent undertaking is privately owned and is not required to publish its accounts.

21 CAPITAL COMMITMENTS

At 31 December 1995 there was capital expenditure authorised by the Board but not contracted for of approximately £22m.

22 OTHER STATUTORY INFORMATION

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

	Maximum liability <u>outstanding</u> £	1 January <u>1995</u> £	Movement <u>in the year</u> £	31 December <u>1995</u>
MJM Garvin	3,000	3,000	(1,500)	1,500
S Boler	8,000	-	5,732	5,732

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. Also, the Chairman occupied property owned by the company free of rent. The estimated value of this benefit in 1995 was £13,754 (1994: £11,489).