

Euromoney Institutional Investor PLC



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Queen's Award for Export Achievement 1999
to Euromoney Publications PLC

Chairman's Statement

Your company's results for the year to September 30 2001 were in line with the trading statement sent to the Stock Exchange on September 24 2001.

Profits before tax, amortization and exceptional items were £22.9 million, against £27.9 million in the previous year. After exceptional charges and goodwill amortization, profits were £13.7 million, against £22.6 million. Diluted earnings a share were 9.6p against 16.2p, while adjusted diluted earnings a share were 20.1p against 22.2p.

The directors recommend a final dividend of 9.75p, making a total for the year of 14.75p, the same as the previous year.

Group turnover was £204.8 million, an increase of 6.6%. Turnover increased by 19.8% in the first half, and fell by 3.7% in the second. Subscription revenues continued to grow in the second half. This was more than offset by falls in advertising, training, and conference revenues towards the end of the year. Underlying margins were 17.6%, against 19.1%.

Business conditions generally and advertising markets, especially in the US, were deteriorating before September 11. The attacks on the World Trade Center cost the group more than £1 million in lost profits in September as several big events, including the IMF/World Bank meeting, were cancelled or postponed. *Euromoney* was not significantly affected and produced record profits for the year. *LatinFinance* and *Asiamoney* also performed well. *Institutional Investor's* revenues, buoyant in the first half, suffered sharply in the second. The staff of the magazine showed both courage and determination in producing the October issue, much of which had to be rewritten after the World Trade Center tragedy. The group's US training business, in offices close to the Trade Center, was evacuated, and employees showed great resilience in re-opening for business within days.

After a good first half, operating profits from financial publishing fell by 9.8% during the year. Operating profits from business publishing fell by 19.4%, due to the recession in advertising in the US, and difficult trading conditions elsewhere. Business Traveller was particularly affected. Due to a good performance from financial training, training group operating profits increased slightly in spite of challenging markets. Coaltrans and Specialist Seminars produced record results.

ISI, the emerging markets information provider, progressed well towards profitability. At the end of September, revenues ran at an annual rate of US\$14.4 million, against US\$11.4 million a year before, and retention rates continued at an excellent level. In total, the group invested £7.2 million in electronic publishing businesses, mostly in ISI, against £8.2 million.

During the second half the board focused on developing and implementing its medium-term strategy to grow the company's profits following the period of heavy investment.

Part of the strategy focuses on improving margins through closing loss-making businesses, eliminating low-margin products, restructuring under-performing businesses and improving management quality. As a result the group closed or sold three businesses in the last quarter at an exceptional cost of £3.3 million. The company closed those activities with poor prospects, and

Chairman's Statement *continued*

continued to invest in more promising businesses. The level of investment is expected to fall to more normal levels this year.

In the financial sector, the company's strategy is to invest in and grow the equities side of the business, to match its market leadership in debt capital markets publishing and events. In May it acquired Imperator, a small equities event business in London. Since the year end it has completed the acquisition of certain of the assets of Tempest Consultants, which will be combined with Institutional Investor's Research Products Group, to expand Institutional Investor's highly regarded range of analyst surveys.

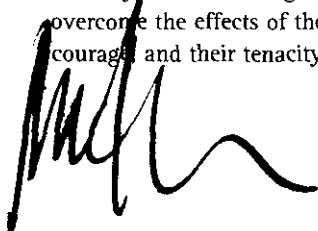
In the non-financial sector strategy will focus mainly on two sectors, energy and pharmaceuticals. In August the company completed the acquisition of the assets of Gulf Publishing, the Houston-based publisher of *World Oil* and *Hydrocarbon Processing*, for US\$9.5 million. The leading brands the company owns in these sectors will be used as platforms to launch new energy and pharmaceutical products, particularly in events.

Net debt at the end of the year was £73.2 million, against £73.5 million, despite acquisition costs of £10.4 million.

Conditions in financial advertising have generally continued to deteriorate since the financial year end, particularly in the US. Conditions outside the US are patchy, but show encouraging signs in some regions, particularly in central and eastern Europe. Falling interest rates have led to strong activity in the debt markets, which should benefit the group later. In adjusting its capacity and costs, the group has assumed that there will be little recovery in the first half of the new financial year.

Competition is lessening, as is pressure on costs, particularly pay. Strong brands and quality titles are especially helpful in times of recession, and the group is confident that it will benefit strongly from a recovery.

The tragedy of September 11 brought out the best in our people, particularly in New York, and I know I speak for all of you in thanking everyone who did so much to overcome the effects of the attacks. I thank them for their courage and their tenacity.



Padraic Fallon
Chairman
November 28 2001

Operating & Financial Review

Operating and financial review

Despite a strong start to the year, 2001 has proved challenging for many of our businesses. Both financial markets and the global economy, and thus the markets for our products, weakened as the year progressed. Nevertheless, subscription income has continued to grow with strong progress at Internet Securities and *Institutional Investor Memberships*. Training and event revenues experienced a sharp reversal in the second half leading to the closure of several underperforming businesses although overall event revenue was up due to strong growth from MIS, *Financial Training* and *Specialist Seminars*. Advertising revenues were affected by the decline in financial market activity. Despite that, *Euromoney* produced record results and, while Asia and Latin America faced volatile years, both *Asiamoney* and *Latin Finance* produced results ahead of last year, as did *Global Investor* and *Project Finance*. Other strong performances were produced by the *Institutional Investor Research Group*, book publishing and Capital DATA.

Strategy

The company will continue to invest in the editorial quality of our titles to reinforce the strength of our brands and to continue to increase subscription revenues. We will also continue to encourage internal start-ups and seek acquisitions. However, publishing and event capacity has been constrained and costs will stay under tight control.

Most of the internet sites have been linked together under our key brands to improve traffic and revenue growth and they have proved effective in building subscription income and improving renewal rates. Linking sites has enabled technology to be shared.

Operating & Financial Review *continued*

Management

The creation of six functional and one service division around business segments has strengthened the management structure of the company by ensuring the closer co-operation of individual business units and greater decentralization of decision making.

The company embarked on a series of measures that has seen significant reductions in costs. This included merging some titles and closing under-performing businesses. The company has now reduced the number of permanent employees to 1,621 from a peak of 1,772 in December 2000. As part of the cost reduction programme the company will be relocating all the New York based businesses into new premises in mid-Manhattan to avoid excessive rental increases in the existing premises.

The internal training programme is being further developed on a regional basis and has been expanded to include the Euromoney Sales School, which has proved very successful.

Staff retention, which was identified as an issue last year, has improved dramatically during the year, partly due to a reduction in pressure from the dotcom market and partly due to the success of incentive schemes put in place during the year.

Operating & Financial Review *continued*

Acquisitions

Three acquisitions were made during the year and one shortly after year end. In January the Asian edition of *Business Traveller*, which was under separate ownership, was acquired thus giving the Business Traveller group global coverage of its market for the first time through four editions.

The conference division extended into a new type of business with the acquisition of Emperor in May 2001. Emperor runs two exhibitions for quoted companies wishing to build closer relationships with investors and analysts.

The acquisition of Gulf Publishing, publishers of *World Oil* and *Hydrocarbon Processing* deepens the group's exposure to the energy sector by taking us much further into the US market.

In November 2001, the company acquired certain assets of Tempest Consultants which significantly expands Institutional Investor's position as the pre-eminent source of market research based rankings of sell side analysts.

The company continues to pursue acquisition opportunities consistent with the strategy of expanding into new cross-border sectors, extending our existing involvement in vertical sectors worldwide that we have found attractive and expanding into new product types or technologies.

Operating & Financial Review *continued*

New businesses

The company has continued to invest selectively in starting up and developing new businesses internally. Management incentives have been expanded to encourage further start-ups. Where we experienced difficulties in generating sufficient revenues for some of the internet business launched last year, we closed or merged these businesses.

Marketing and circulation

To achieve the twin goals of improved subscriber retention and quality of circulation, a significant number of publications were transferred onto an in-house fulfilment service. This process has been rolled out in the UK and Asia after successful implementation in the US.

Risk management

The company has continued to develop its processes for risk management. Management of significant risk has regularly been on the agenda of the board and other senior management meetings. Significant progress has been made on updating systems and implementing best practice procedures to reduce risk.

The New York training office, based near Wall Street, had to be evacuated on September 11, and after implementation of the disaster recovery plan, was fully functional the following day. These lessons have been fed into other parts of the business as part of the risk management process.

Operating & Financial Review *continued*

Debt

The group has funded its operations using a mixture of its strong operating cash flows, retained earnings and debt. Debt levels are slightly lower than last year, despite a continued programme of acquisitions and new investment.

Tax and treasury

The group's tax and treasury committee meets twice a year and is responsible for recommending policy to the board. The committee comprises the chairman, managing director, finance director, and the Daily Mail and General Trust plc group finance director and head of tax and treasury. The group's treasury policies are directed to giving greater certainty of future costs and revenues and ensuring that the group has adequate liquidity for working capital and debt capacity for funding acquisitions.

The treasury department operates within policies and procedures approved by the board. It does not act as a profit centre, nor does it undertake any speculative trading activity.

Interest rate swaps and caps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these derivatives is matched with the expected future debt profile of the group. The group's policy is to fix approximately 50-75% of its term debt. At September 30 2001 the group had 74% of its net debt fixed by the use of interest rates hedges. As long-term rates are usually higher than short-term rates this hedging strategy has the effect of increasing the interest charge, but it does provide partial protection against increases in market rates.

Operating & Financial Review *continued*

The group is exposed to foreign exchange risk in the form of transactions in foreign currencies entered into by group companies and by the translation of the results in foreign currencies into sterling for reporting purposes. The group does not hedge the translation of the results of foreign subsidiaries, but does endeavour to match foreign currency borrowings to investments in order to provide a natural hedge for the translation of the net assets of overseas subsidiaries.

Approximately 75% of the group's revenues are in US dollars. Group companies normally do not hedge transactions in foreign currencies into the functional currency of their own operations. However, as a company Euromoney Institutional Investor PLC, has a series of forward contracts in place up to 12 months forward.

Details of the financial instruments used are set out in note 18 to the accounts.

The group's effective tax rate decreased to 23.2% (excluding the effect of goodwill amortization) compared to 25.7% in 2000 due to a change in the mix of taxable profits. The overall rate for the year reflects the benefit of the tax amortization of goodwill arising in the US.

Generally under UK corporation tax rules all exchange gains and losses are taxable on an accruals basis. To hedge the cash flow effect of the tax on these exchange gains and losses, the group has entered into a forward contract selling US\$11.0 million in exchange for sterling, maturing on September 27 2002. The cash flow consequence of a movement in exchange rates, which creates a taxable gain or loss, is eliminated by the cash effect of an equal gain or loss on the forward contract.



Richard Ensor
Managing Director
November 28 2001

Directors' Report

The directors submit their annual report and group accounts for the year ended September 30 2001.

Principal activities and business review

Euromoney Institutional Investor is a leading international business to business publisher, focused primarily on international finance. It publishes more than 100 magazines, newsletters and journals as well as surveys, directories, books and maps. Euromoney Institutional Investor also runs business conferences, seminars and training courses and is a provider of electronic business information through its capital market databases and the internet. A review of operations and business developments is given in the operating and financial review on pages 4 to 9.

Group results and dividends

The group profit for the year attributable to shareholders amounted to £8.4 million (2000 - £14.3 million). The directors recommend a final dividend of 9.75 pence per ordinary share (2000 - 9.75 pence), payable on January 24 2002 to shareholders on the register on December 7 2001. This, together with the interim dividend of 5 pence per ordinary share (2000 - 5 pence) which was declared on May 24 2001 and paid on July 2 2001, brings the total dividend payable to 14.75 pence per ordinary share.

Directors and their interests

The directors who served during the year are listed on page 18. S Cox resigned as a director on March 30 2001. Following best practice under corporate governance and in accordance with the company's Articles of Association, all directors submit themselves for re-election every three years. Accordingly, The Viscount Rothermere, SM Brady, RT Lamont, E Bounous, G Mueller and JP Williams will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Also, as required by the Articles of Association concerning age, Sir Patrick Sergeant will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election. Details of the interests of the directors in the ordinary shares of the company and of options held by the directors to subscribe for ordinary shares in the company are set out in the report by the board to shareholders on directors' remuneration on pages 17 to 24.

Significant shareholdings

At November 28 2001, being the latest practical date before approval of the accounts, notification had been received of the following interests of 3% or more in the company's ordinary share capital:

	Number	%
DMG Investment Holdings Limited	62,147,624	70.8
Prudential Corporation group of companies	4,444,401	5.1

Banque Internationale à Luxembourg SA has issued international depositary receipts in bearer form in respect of a total of 1,386,000 shares (1.6%) registered in its name.

Directors' Report *continued*

Authority to purchase own shares

The company's authority to purchase its own shares expires at the conclusion of the company's next annual general meeting. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

Political and charitable contributions

During the year the group made £59,000 (2000 - £46,000) in charitable contributions. There were no political contributions.

Disabled employees

It is the group's policy to give full and fair consideration to applications for employment from people who are disabled; to continue, wherever possible, the employment of, and to arrange appropriate training for, employees who become disabled; and to provide opportunities for the career development, training and promotion of disabled employees.

Employee involvement

The group recognizes the importance of good communication in relationships with its staff. This is pursued in a number of ways, including training and regular meetings between management and staff, which seek to achieve common awareness on the part of all employees of the financial and economic circumstances affecting the group's performance. Many employees participate directly in the success of the business through involvement in the group's profit sharing schemes and in the savings related share option scheme.

Supplier payment policy

Each Euromoney Institutional Investor business agrees payment terms with its suppliers on an individual basis and it is group policy to make payments in accordance with these terms. The company had 59 days of purchases in creditors at September 30 2001 (2000 - 52 days).

Introduction of Euro

The directors are aware of the potential impact of the Euro and an action plan is in place. The effects on the business are not expected to be significant and costs arising from the implementations of the plan will be expensed to the profit and loss account.

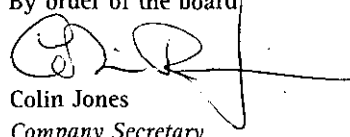
Auditors

A resolution proposing the re-appointment of Deloitte & Touche will be submitted at the annual general meeting.

Annual general meeting

The company's annual general meeting will be held on January 23 2002.

By order of the board



Colin Jones
Company Secretary

November 28 2001

Corporate Governance

The Combined Code on corporate governance is part of the listing rules of the Financial Services Authority.

The paragraphs below and in the remuneration report on pages 17 to 24 set out how the company has applied the principles laid down by the Code. The company has substantially complied with the Code, save for a few exceptions disclosed in the directors' compliance statement on pages 15 and 16.

Directors

Board

Details of directors who served during the year are set out on page 18. The board comprises the chairman, managing director, ten other executive directors and six non-executive directors. Of the six non-executive directors, two are independent whilst the remaining four are also directors of Daily Mail and General Trust plc, an intermediate parent company. There are clear divisions of responsibility within the board such that no one individual has unfettered powers of decision. There is a procedure for all directors in the furtherance of their duties to take independent professional advice, at the company's expense. They also have access to the advice and services of the company secretary. All directors submit themselves for re-election at least once every three years. The board meets every two months and there is frequent contact between meetings. Board meetings are held to set and monitor strategy, to review trading performance, ensure adequate funding, examine major acquisition possibilities and approve reports to shareholders. Procedures are established to ensure that appropriate information is communicated to the board in a timely manner to enable it to fulfil its duties. A number of standing committees deal with specific aspects of the group's affairs, each of which operates within defined terms of reference.

Non-executive directors

The non-executive directors bring both independent views and the views of the company's major shareholders to the board. The Viscount Rothermere is chairman of Daily Mail and General Trust plc, an intermediate parent company. He is a non-executive director of Fleming Mercantile Investment Trust PLC. Sir Patrick Sergeant is a founder of Euromoney Institutional Investor PLC and was chairman until September 30 1992. He is a non-executive director of Daily Mail and General Trust plc. CJF Sinclair and JP Williams are executive directors of Daily Mail and General Trust plc. CJF Sinclair is also a non-executive director of Reuters Group PLC and Schroders Plc. JP Williams is also a non-executive director of GWR Group plc. JC Botts is chairman of Botts & Company Limited and a non-executive director of United Business Media plc and Amerindo Internet Fund PLC. He was formerly head of Citicorp's investment banking business in Europe. JD Bolsover is chairman and chief executive of Baring Asset Management Holdings Limited.

Executive committee

Chaired by the company's chairman, the executive committee comprises the executive directors and senior management. It meets each month to discuss and determine key operational issues.

Corporate Governance *continued*

Nominations committee

The nomination committee is responsible for proposing candidates for appointment to the board having regard to the balance and structure of the board. It meets when required and comprises the chairman (also chairman of the nominations committee), managing director and three non-executive directors; Sir Patrick Sergeant, CJF Sinclair, and JC Botts.

Remuneration committee

The remuneration committee meets twice a year and additionally as required. It is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance related profit share schemes. The composition of the committee, details of directors' remuneration and interests in share options, together with information on directors' service contracts, are set out on pages 17 to 24.

Communication with shareholders

The board encourages regular dialogue with shareholders. Meetings are held, both in the US and UK, to discuss annual and interim results and highlight significant acquisitions or disposals, or at the request of institutional shareholders. Private shareholders are encouraged to participate in the annual general meeting. All shareholders have at least twenty working days notice of the annual general meeting at which directors and committee chairs are available for questioning.

Internal control and risk management

The board is responsible for the group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with the guidance published by the Internal Control Working Party of the Institute of Chartered Accountants in England & Wales (the Turnbull Report), the board has implemented an ongoing process for identifying, evaluating and managing the material risks faced by the business.

The board has reviewed the effectiveness of the group's system of internal control and has taken account of material developments, which have taken place since September 30 2000. It has considered the major business and financial risks, the control environment and the results of the internal auditor's work. Steps are being taken to embed internal control and risk management further into the operations of the group and to deal with areas of improvement which have come to management's and the board's attention.

Key procedures which the directors have established with a view to providing effective internal control, and which have been in place throughout the year, are as follows:

The board of directors

- The board normally meets six times a year to consider group financial performance, business development and group management issues. Directors of key operating companies meet regularly to manage their respective businesses;

Corporate Governance *continued*

- The board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board;
- Each executive director has been given responsibility for specific aspects of the group's affairs;
- The board divides the group's key risks into six broad categories and reviews and assesses each of these at least annually;
- The board seeks assurance that effective control is being maintained through regular reports from business group management, the audit committee and various independent monitoring functions;
- The board approves the annual forecast after performing a review of key risk factors. Performance is monitored regularly by way of variances and key performance indicators to enable relevant action to be taken and forecasts are updated each quarter. The board considers longer-term financial projections as part of its regular discussions on the group's strategy.

Quality and integrity of personnel

The integrity and competence of personnel is ensured through high recruitment standards and a commitment to management and business skills training. High quality personnel are seen as an essential part of the control environment and the high ethical standards expected are communicated by management leadership, through the employee handbook provided to all employees and are also available on the group's intranet.

Investment appraisal

The managing director, finance director and business group managers consider proposals for the launch of new businesses. Proposals beyond specified limits are put to the board for approval and are subject to due diligence by the group's finance team and, if necessary, independent advisers. Capital expenditure is regulated by strict authorization controls. For expenditure above specified levels, detailed written proposals must be submitted to the board and reviews carried out to monitor progress against budget.

Accounting and computer systems controls and procedures

Accounting controls and procedures are regularly reviewed and communicated throughout the group. Particular attention is paid to authorization levels and segregation of duties. The group's tax, cash and foreign exchange positions are overseen by the tax and treasury committee, which meets at least twice a year. Controls and procedures over the security of data held on computer systems are periodically reviewed and are subject to internal audit. Controls include a specific focus on data security and disaster recovery.

Internal audit

The group has an internal audit manager who draws on the services of the central finance team to perform assignments. The responsibilities of internal audit cover four main areas; control of the assets of the business; monitoring of the accuracy of financial reporting to the centre; adherence to group policies; and the accuracy of circulation figures. Businesses and central departments are selected for an internal audit visit on a rotational basis and most businesses are subject to at least one internal audit review each year. The internal audit manager reports his findings to management and to the audit committee.

Corporate Governance *continued*

Accountability and audit

Audit committee

The audit committee comprises three non-executive directors; JC Botts (chairman), Sir Patrick Sergeant and JP Williams, and meets at least twice each financial year. The committee is responsible for reviewing the interim report and annual report and accounts before their submission to the board and overseeing controls necessary to ensure the integrity of the financial information reported to the shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, with particular focus on effectiveness, independence and objectivity. It discusses the nature, scope and any findings of the audit with the external auditors. The committee also considers and determines relevant action in respect of any control issues raised by the external auditors, and reviews the internal audit manager's programme and receives periodic reports on his findings.

Financial reporting

Going concern

After making enquiries, the directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

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 as at the end of the financial year 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 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 a going concern basis unless it is inappropriate to presume that the company 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 accounts comply with the Companies Act 1985. They are also responsible for the group's system of internal financial controls for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these requirements have been satisfied.

Statement by the directors on compliance with the Combined Code

The listing rules require the board to report on compliance with the 45 provisions of the Combined Code throughout the accounting period. Save for the limited exceptions outlined below, the group has complied throughout the financial year ended September 30 2001, with the provisions set out in Section 1 of the Combined Code.

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Corporate Governance *continued*

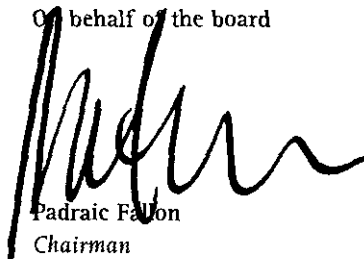
Provision A.3.2 requires that the majority of non-executive directors should be independent. Four of the six non-executive directors are also directors of Daily Mail and General Trust plc, the intermediate parent undertaking of Euromoney Institutional Investor PLC. The board does not consider that the relationship with Daily Mail and General Trust plc has any influence on the independence of the non-executive directors in question.

Contrary to provision A.2.1, the board has not identified a senior non-executive director as the directors are of the opinion that all matters relating to the effective governance of the group must be dealt with by the board as a whole.

Provisions B.2.2 and D.3.1 require the remuneration and audit committees to comprise entirely of independent non-executive directors. Both committees comprise three non-executive directors, two of whom are also directors of Daily Mail and General Trust plc but have no personal financial interests in the company (other than as shareholders). Also, as explained in the report by the board to shareholders on directors' remuneration, JC Botts has options in Internet Securities, Inc. in lieu of fees as a non-executive director of that company, which is common practice for non-executive directors in the US.

Provision B.1.7 indicates a preference for length of service contracts of directors to be not greater than one year. The chairman and managing director have two year rolling service contracts. The board considers this appropriate given the importance and commitment required for these positions and given the competitive pressures of the media industry.

On behalf of the board



Padraic Fallon
Chairman

November 28 2001

Report by the Board to Shareholders on Directors' Remuneration

Remuneration committee

The remuneration committee was established in 1993. The current members are The Viscount Rothermere (chairman), JC Botts and CJF Sinclair. All are non-executive directors of the company. The Viscount Rothermere and CJF Sinclair are directors of Daily Mail and General Trust plc but have no personal financial interests in the company (other than as shareholders), and no day-to-day involvement in running the business. The committee consults the chairman and managing director about its proposals and seeks professional advice from outside the company where appropriate.

Policy on directors' remuneration

The group believes in aligning the interests of management with those of shareholders. The two consistent objectives in its remuneration policy since the company's inception in 1969 have been the maximization of earnings per share and the creation of shareholder value.

The first objective is achieved through a comprehensive profit sharing scheme that links the pay of executive directors and key managers to the profits and growth in profits of the group or relevant parts of the group. This is completely variable with no guaranteed floor and no ceiling.

To support the implementation of the policy of profit sharing, the group is divided into a number of profit centres. The manager of each profit centre is paid a profit share related to the profit centre's profits and profit growth. Each profit centre is part of a larger business group. Each business group manager has an incentive based on the business group's profits and profit growth. Profit sharing encourages directors and managers to grow their businesses, to launch new ventures and to search for acquisitions that would fit well with their businesses.

All executives on profit shares are aware that if profits rise, so does their pay. Similarly if profits fall, so do their profit shares. The profit shares of executive directors and senior managers make up much of their total pay. For example, of the total remuneration of the thirteen executive directors who served in the year, 65.3% was derived from profit shares.

The creation of shareholder value is also encouraged through an executive share option scheme. The company's previous scheme was approved by shareholders in 1985 and expired in 1995, although options granted under this scheme may be exercised before various dates through to 2005. A new executive share option scheme was approved by shareholders in January 1996 and the performance criteria under which options granted under this scheme may be exercised are set out on page 24.

During the year share options were granted to DC Cohen, CR Brown, GB Strahan, CR Jones, E Bounous, RT Lamont, SM Brady, D Alfano and G Mueller. Options are granted in phased blocks over a period of several years.

The directors believe that the profit sharing and share option arrangements are responsible for much of the company's success since 1969. These arrangements serve shareholders by aligning the interests of the directors and managers with those of shareholders and will contribute to the growth that we seek in the coming years.

The remuneration of the non-executive directors is determined by the board.

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' service contracts

With the exception of the chairman and managing director, each of the executive directors has a twelve month rolling service contract. The chairman and managing director have two year rolling service contracts and the remuneration committee believes that the length of these contracts is appropriate given the competitive pressures of the media industry. None of the non-executive directors has a service contract.

Directors' remuneration

	Year to September 30					
	Fees	Salary and	Profit	Pension	Total	Total
	2001	benefits	share	2001	2001	2000
	£	£	£	£	£	£
Executive directors						
PM Fallon	29,151	149,959	1,440,733	138,800	1,758,643	1,976,885
PR Ensor	29,151	116,676	1,015,990	109,438	1,271,255	1,495,119
NF Osborn	—	108,460	379,683	16,230	504,373	400,450
DC Cohen	—	87,718	205,632	70,965	364,315	423,148
CR Brown	—	143,946	233,813	1,824	379,583	443,158
GB Strahan	—	79,026	31,054	35,483	145,563	127,589
E Bounous	—	86,721	228,178	7,218	322,117	315,565
R Jell*	—	—	—	—	—	74,667
CR Jones	—	209,008	47,822	23,729	280,559	229,340
RT Lamont	—	134,147	138,006	3,107	275,260	320,540
SM Brady	—	97,986	168,397	8,376	274,759	192,950
S Cox†	—	64,780	15,000	—	79,780	165,794
D Alfano‡	—	114,565	180,344	2,882	297,791	57,958
G Mueller‡	—	105,077	47,151	2,224	154,452	32,094
Non-executive directors						
The Viscount Rothermere	29,151	—	—	—	29,151	26,519
Sir Patrick Sergeant	58,302	15,727	—	—	74,029	74,582
CJF Sinclair	29,151	—	—	—	29,151	26,519
JP Williams	29,151	—	—	—	29,151	26,519
JC Botts	32,529	—	—	—	32,529	29,766
JD Bolsover¶	29,151	—	—	—	29,151	9,440
	265,737	1,513,796	4,131,803	420,276	6,331,612	6,448,602

* resigned May 31 2000

† resigned March 30 2001

‡ appointed July 14 2000

¶ appointed May 24 2000

Fees as a director include fees paid as a director of subsidiary companies. Five of the directors have waived profit shares in respect of the current and future years as follows: PM Fallon £138,800; PR Ensor £100,000; NF Osborn £8,674; DC Cohen £65,000; GB Strahan £30,000. Profit shares waived were paid into private pension schemes on the directors' behalf.

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' pensions

Executive directors can participate in the Harmsworth Pension Scheme (a defined benefit scheme), or the Euromoney Pension Plan (a money purchase plan) or their own private scheme.

Pension contributions

	Harmsworth Pension Scheme £	Contributions to Euromoney Pension Plan £	Private schemes £	Total £
Director				
PM Fallon	—	—	138,800	138,800
PR Ensor	9,438	—	100,000	109,438
NF Osborn	—	6,421	9,809	16,230
DC Cohen	—	5,965	65,000	70,965
CR Brown	1,824	—	—	1,824
GB Strahan	—	5,483	30,000	35,483
E Bounous	—	7,218	—	7,218
CR Jones	23,729	—	—	23,729
RT Lamont	—	—	3,107	3,107
SM Brady	—	8,376	—	8,376
D Alfano	—	—	2,882	2,882
G Mueller	—	—	2,224	2,224
	34,991	33,463	351,822	420,276

Under the Harmsworth Pension Scheme, the following pension benefits were earned by the directors:

	Increase in accrued annual pension during the year £	Transfer value of increase £	Accumulated total accrued annual pension at year end £
Director			
PR Ensor	5,726	55,859	41,390
CR Brown	2,108	12,649	30,822
CR Jones	4,467	30,149	15,539

The accrued pension entitlement is that which would be paid annually on retirement based on service to September 30 2001 and ignores any increase for future inflation. The transfer values represent a potential liability of the company, not a sum paid or due to the individual director and have been calculated on the basis of actuarial advice in accordance with the Actuarial Note GN11 less directors' contributions. The normal retirement age for the Harmsworth Pension Scheme is 62 years.

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' interests in the company

The interests of the directors and their families in the ordinary shares of the company and its subsidiaries as at September 30 were as follows:

	Ordinary shares of 0.25p each	
	2001	2000
PM Fallon	901,061	848,652
PR Ensor	218,472	203,000
Sir Patrick Sergeant	317,804	287,804
CJF Sinclair	7,494	4,000
NF Osborn	46,040	43,420
DC Cohen	30,664	28,044
GB Strahan	32,068	29,448
JP Williams	1,825	1,000
E Bounous	6,920	4,300
RT Lamont	20,503	10,000
CR Jones	8,280	—
D Alfano	1,747	—
The Viscount Rothermere	17,470	—
G Mueller	5,503	—
JC Botts	5,503	—

At September 30 2001, Sir Patrick Sergeant also had a non-beneficial interest in 82,900 ordinary shares of the company. At September 30 2001 GB Strahan was beneficially interested in 500 'A' ordinary shares of Coaltrans Conferences Limited and G Mueller was beneficially interested in 659,999 shares of Internet Securities Inc, both subsidiaries of the group.

Directors' interests in Daily Mail and General Trust plc

The interests of the directors as defined under section 198 of the Companies Act 1985 in the shares of Daily Mail and General Trust plc as at September 30 were as follows:

	Ordinary shares of 12.5p each		'A' ordinary non-voting shares of 12.5p each	
	2001	2000	2001	2000
The Viscount Rothermere	11,817,632	11,817,632	76,821,754	76,809,166
PM Fallon	4,000	4,000	36,000	36,000
Sir Patrick Sergeant	4,000	4,000	90,000	80,000
CJF Sinclair	—	—	264,691	242,372
JP Williams	—	—	82,017	70,008

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' interests in Daily Mail and General Trust plc *continued*

The Viscount Rothermere had non-beneficial interests as a trustee at September 30 2001 in 5,540,000 'A' ordinary non-voting shares of 12.5p each (2000 - 5,540,000 shares) plus 674,208 ordinary shares (2000 - 674,208 shares).

Daily Mail and General Trust plc has been notified that, under section 204 of the Companies Act 1985 and including the interests shown in the table above, The Viscount Rothermere is deemed to have been interested in 12,556,764 ordinary shares of 12.5p each (2000 - 12,556,764 shares).

At September 30 2001, The Viscount Rothermere was beneficially interested in 746,700 ordinary shares (2000 - 746,700 shares) and non-beneficially interested in 10,000 preference shares of Rothermere Continuation Limited (2000 - 10,000 shares), the company's ultimate parent company.

CJF Sinclair and JP Williams had options over 275,000 and 207,000 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2001 respectively (2000 - 205,000 and 187,000 respectively). The Viscount Rothermere had options over 126,000 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 30 2001 (2000 - 96,000). The exercise price of these options range from £1.96 to £10.30. Further details of these options are listed in the Daily Mail and General Trust plc group accounts.

JP Williams' Unsecured Loan Notes 2014 to the value of £3,712 were redeemed during the year.

There have been no changes in directors' interests since October 1 2001.

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' share options

In addition to the beneficial interests noted above, the directors hold options to subscribe for new ordinary shares of 0.25p each in the company as follows:

	At start of year	Number of options		At end of year	Exercise price	Date from which exercisable	Expiry date
		Granted during year	Lapsed during year				
PM Fallon	346,268	—	—	346,268	£3.54	now	Jun 19 05
	85,000	—	—	85,000	£3.95	Feb 11 02	Feb 11 09
	255,000	—	—	255,000	£4.31	Jun 25 02	Jun 25 09
	686,268	—	—	686,268			
PR Ensor	173,136	—	—	173,136	£3.54	now	Jun 19 05
	75,000	—	—	75,000	£3.95	Feb 11 02	Feb 11 09
	225,000	—	—	225,000	£4.31	Jun 25 02	Jun 25 09
	2,690	—	—	2,690*	£3.60	Aug 01 03	Feb 01 04
	475,826	—	—	475,826			
NF Osborn	17,316	—	—	17,316	£3.54	now	Jun 19 05
	8,000	—	—	8,000	£3.95	now	Jan 07 05
	2,690	—	—	2,690*	£3.60	Aug 01 03	Feb 01 04
	28,006	—	—	28,006			
DC Cohen	5,888	—	—	5,888	£3.54	now	Jun 19 05
	12,000	—	—	12,000	£3.95	now	Jan 07 05
	—	8,000	—	8,000	£5.38	Mar 02 04	Mar 02 11
	2,052	—	—	2,052**	£4.72	Oct 01 02	Apr 01 03
	19,940	8,000	—	27,940			
CR Brown	16,000	—	—	16,000	£3.51	now	Nov 29 03
	11,044	—	—	11,044	£3.54	now	Jun 19 05
	100,000	—	—	100,000	£3.32	now	Feb 08 03
	12,000	—	—	12,000	£3.95	now	Jan 07 05
	28,000	—	—	28,000	£4.19	Jan 29 02	Jan 29 09
	—	8,000	—	8,000	£5.38	Mar 02 04	Mar 02 11
	167,044	8,000	—	175,044			
GB Strahan	17,316	—	—	17,316	£3.54	now	Jun 19 05
	8,000	—	—	8,000	£3.95	now	Jan 07 05
	—	5,000	—	5,000	£5.38	Mar 02 04	Mar 02 11
	2,690	—	—	2,690*	£3.60	Aug 01 03	Feb 01 04
	28,006	5,000	—	33,006			

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' share options *continued*

	Number of options				Exercise price	Date from which exercisable	Expiry date
	At start of year	Granted during year	Lapsed during year	At end of year			
CR Jones	8,448	—	—	8,448	£3.55	now	Feb 07 07
	31,552	—	—	31,552	£3.57	now	Feb 24 04
	12,000	—	—	12,000	£3.95	now	Jan 07 05
	32,000	—	—	32,000	£4.19	Jan 29 02	Jan 29 09
	60,000	—	—	60,000	£4.31	Jun 25 02	Jun 25 09
	—	8,000	—	8,000	£5.38	Mar 02 04	Mar 02 11
	2,690	—	—	2,690*	£3.60	Aug 01 03	Feb 01 04
	146,690	8,000	—	154,690			
E Bounous	8,000	—	—	8,000	£3.51	now	Nov 29 03
	8,000	—	—	8,000	£4.04	now	Dec 08 04
	40,000	—	—	40,000	£3.32	now	Feb 08 03
	8,000	—	—	8,000	£3.57	now	Feb 24 04
	24,000	—	—	24,000	£3.95	now	Jan 07 05
	20,000	—	—	20,000	£4.19	Jan 29 02	Jan 29 09
	—	8,000	—	8,000	£5.38	Mar 02 04	Jan 02 11
	108,000	8,000	—	116,000			
RT Lamont	10,000	—	—	10,000	£4.19	Jan 29 02	Jan 29 09
	—	5,000	—	5,000	£5.38	Mar 02 04	Mar 02 11
	10,000	5,000	—	15,000			
SM Brady	3,000	—	—	3,000	£3.51	now	Nov 29 03
	10,000	—	—	10,000	£4.04	now	Dec 08 04
	8,000	—	—	8,000	£3.57	now	Feb 24 04
	20,000	—	—	20,000	£3.95	now	Jan 07 05
	16,000	—	—	16,000	£4.19	Jan 29 02	Jan 29 09
	—	8,000	—	8,000	£5.38	Mar 02 04	Mar 02 11
	2,052	—	—	2,052**	£4.72	Oct 01 02	Apr 01 03
	59,052	8,000	—	67,052			
S Cox	40,000	—	40,000	—	—	—	—
D Alfano	10,000	—	—	10,000	£4.19	Jan 29 02	Jan 29 09
	8,000	—	—	8,000	£5.62	Jan 05 03	Jan 05 10
	—	5,000	—	5,000	£5.38	Mar 02 04	Mar 02 11
	18,000	5,000	—	23,000			
G Mueller	—	10,000	—	10,000	£5.38	Mar 02 04	Mar 02 11

* issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 1999

** issued under the Euromoney Institutional Investor PLC Save As You Earn scheme 2000

No options were exercised during the year.

Report by the Board to Shareholders on Directors' Remuneration *continued*

Directors' share options *continued*

The market price of the company's shares on September 30 2001 was £2.13. The high and low share prices during the year were £6.30 and £2.13 respectively. The options granted in the year were granted on March 2 2001.

The average share price over the three business days before March 2 2001 was £5.38. The aggregate gain made by directors on the exercise of share options in the year was £nil (2000 - £3,351,235).

S Cox's 40,000 share options lapsed when he resigned on March 30 2001.

The exercise of options granted under the 1996 executive share option scheme requires satisfaction of certain performance criteria which have been set by the remuneration committee. For the grants of options under the 1996 scheme, made on March 2 2001, the performance test set by the remuneration committee requires that the Total Shareholder Return (TSR) of the company exceeds that of the average TSR for the FTSE 250 index for the same period. The TSR test is carried out at the end of each calendar month starting 30 months after the option grant date. For the performance condition to be satisfied, the TSR of the company must exceed that of the FTSE 250 in any four out of six consecutive months from that date.

In addition, the following directors hold options to subscribe for common stock of US\$0.001 each in Internet Securities, Inc. a subsidiary of the company. The options for JC Botts are exercisable at the rate of 8.33% quarterly and are fully vested in three years. The options of G Mueller are exercisable at the rate of 6.25% quarterly and are fully vested in four years. Options for N Osborn are exercisable at the rate of 25% after one year and at a rate of 6.25% quarterly until fully vested in four years.

	At start of year	Granted during year	Lapsed during year	At end of year	Exercise price	Date from which exercisable	Expiry date
JC Botts	6,000	—	—	6,000	US\$7.40	now	May 13 02
G Mueller	27,024	—	—	27,024	US\$7.40	now	May 13 09
	16,653	—	—	16,653	US\$8.95	now	Jan 01 10
	43,677	—	—	43,677			
N Osborn	5,000	—	—	5,000	US\$8.95	Oct 05 01	Oct 05 10

No options were exercised during the year.

The Viscount Rothermere
Chairman of the Remuneration Committee
November 28 2001

Auditors' Report

Independent auditors' report to the members of Euromoney Institutional Investor PLC

We have audited the financial statements of Euromoney Institutional Investor PLC for the year ended September 30 2001 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

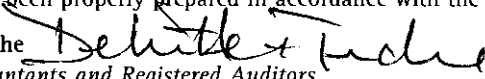
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 affairs of the company and the group as at September 30 2001 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche


Chartered Accountants and Registered Auditors

Hill House

1 Little New Street

London EC4A 3TR

November 28 2001

Group Profit & Loss Account

for the year ended September 30 2001

	Note	2001 £000's	2000 £000's
Turnover	2		
Acquisitions		1,931	—
Closed businesses		3,341	5,014
Other continuing businesses		199,511	187,108
Total turnover		204,783	192,122
Operating profit before goodwill amortization	2		
Acquisitions		(392)	—
Closed businesses		(2,248)	(853)
Other continuing businesses		30,758	33,394
		28,118	32,541
Goodwill amortization		(5,949)	(5,500)
Operating profit	2, 3	22,169	27,041
Share of operating profit in associates		169	165
Exceptional items, on closure of businesses	4	(3,250)	179
Profit on ordinary activities before interest and tax		19,088	27,385
Interest receivable	6	1,248	1,329
Interest payable and similar charges	7	(6,665)	(6,111)
Profit on ordinary activities before tax		13,671	22,603
Tax on profit on ordinary activities	8	(5,025)	(7,218)
Profit on ordinary activities after tax		8,646	15,385
Equity minority interests		(217)	(1,100)
Profit for the financial year		8,429	14,285
Dividends paid and proposed	9	(12,939)	(12,930)
Retained (loss)/profit for the financial year		(4,510)	1,355
Basic earnings per share	10	9.61p	16.35p
Diluted earnings per share	10	9.61p	16.16p
Adjusted diluted earnings per share before goodwill amortization and exceptional items	10	20.10p	22.18p
Dividend per share	9	14.75p	14.75p

All results arose from continuing operations

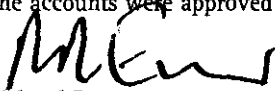
Company Balance Sheet

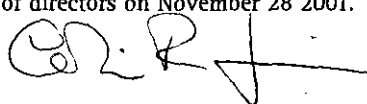
at September 30 2001

	Note	2001 £000's	2000 £000's
Fixed assets			
Intangible assets	11	8,149	7,100
Tangible assets	12	3,481	3,857
Investments	13	71,660	61,970
		<u>83,290</u>	<u>72,927</u>
Current assets			
Debtors	15	38,906	40,478
Cash at bank and in hand		268	1,285
		<u>39,174</u>	<u>41,763</u>
Creditors: amounts falling due within one year	16	(57,184)	(54,556)
Net current liabilities		<u>(18,010)</u>	<u>(12,793)</u>
Total assets less current liabilities		65,280	60,134
Creditors: amounts falling due after more than one year	17	(13,608)	(11,498)
Deferred income		(9,573)	(8,310)
Net assets		<u>42,099</u>	<u>40,326</u>
Capital and reserves			
Called up share capital	21	219	219
Share premium account	22	33,739	33,578
Capital redemption reserve	22	8	8
Capital reserve	22	1,842	1,842
Profit and loss account	22	6,291	4,679
Equity shareholders' funds		<u>42,099</u>	<u>40,326</u>

Euromoney Institutional Investor PLC has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these accounts. The profit after taxation of Euromoney Institutional Investor PLC included in the group profit for the year is £14,551,000 (2000 - £11,265,000).

The accounts were approved by the board of directors on November 28 2001.


 Richard Ensor
 Colin Jones
 Directors



Group Balance Sheet


at September 30 2001

	Note	2001 £000's	2000 £000's
Fixed assets			
Intangible assets	11	31,049	25,799
Tangible assets	12	6,970	7,657
Investments	13	472	472
		<u>38,491</u>	<u>33,928</u>
Current assets			
Debtors	15	49,064	40,423
Cash at bank and in hand		30,286	28,540
		<u>79,350</u>	<u>68,963</u>
Creditors: amounts falling due within one year	16	(67,581)	(49,437)
Net current assets		<u>11,769</u>	<u>19,526</u>
Total assets less current liabilities		50,260	53,454
Creditors: amounts falling due after one year	17	(102,742)	(101,816)
Provisions for liabilities and charges	19	(1,169)	(2,512)
Deferred income		(38,920)	(38,123)
Net liabilities		<u>(92,571)</u>	<u>(88,997)</u>
Capital and reserves			
Called up share capital	21	219	219
Share premium account	22	33,739	33,578
Capital redemption reserve	22	8	8
Profit and loss account	22	(126,884)	(123,749)
Equity shareholders' deficit		<u>(92,918)</u>	<u>(89,944)</u>
Equity minority interests		347	947
		<u>(92,571)</u>	<u>(88,997)</u>

The accounts were approved by the board of directors on November 28 2001.



Richard Ensor
Colin Jones
Directors



Group Cash Flow Statement

for the year ended September 30 2001

	Note	2001 £000's	2000 £000's
Cash inflow from continuing operating activities			
Net cash inflow before exceptional items	A	33,574	33,856
Outflow related to exceptional items (note 4)		(438)	—
Net cash inflow from continuing operating activities		33,136	33,856
Returns on investments and servicing of finance			
Interest received		1,288	1,289
Interest paid		(6,717)	(6,120)
Dividends paid to minorities		(790)	(1,013)
		(6,219)	(5,844)
Taxation			
UK tax paid		(1,339)	(3,244)
Overseas tax paid		(2,035)	(1,218)
UK tax received		1,985	29
Overseas tax received		490	406
		(899)	(4,027)
Capital expenditure			
Purchase of tangible fixed assets		(2,169)	(2,353)
Sale of tangible fixed assets		—	189
		(2,169)	(2,164)
Acquisitions and disposals			
Purchase of unincorporated businesses		(420)	(1,053)
Purchase of subsidiary undertakings		(7,503)	—
Purchase of additional interests in subsidiary undertakings		(2,611)	(7,611)
Cash acquired with subsidiary undertakings		120	—
Proceeds on sale of subsidiary undertaking		—	179
Sale of other investments		—	721
		(10,414)	(7,764)
Equity dividends paid		(12,932)	(11,979)
Cash inflow before financing		503	2,078
Financing			
Issue of new ordinary share capital		161	996
Cash received from escrow		—	4,482
Redemption of secured loan stock		—	(4,495)
Bank loans repaid		(120)	(1,000)
Revolving credit facilities:			
Increase in borrowings		43,069	145,510
Repayment of borrowings		(42,743)	(126,130)
Loan received from DMGT group company		12,536	—
Loan made to DMGT group company		(12,536)	—
Receipt/(payment) on forward hedge		43	(3,201)
		410	16,162
Increase in cash during the year	B	913	18,240

Notes to the Group Cash Flow Statement

A. Reconciliation of operating profit to net cash inflow from operating activities

	2001 £000's	2000 £000's
Group operating profit	22,169	27,041
Amortization of goodwill	5,949	5,500
Depreciation of tangible fixed assets	3,168	3,104
Profit on sale of tangible fixed assets	—	(94)
Decrease/(increase) in debtors	4,202	(5,152)
(Decrease)/increase in creditors	(293)	4,771
Utilization of property rental provision	(1,621)	(1,314)
Net cash inflow from continuing operating activities before exceptional items	33,574	33,856

B. Reconciliation of net cash flow to movement in net debt

	2001 £000's	2000 £000's
Increase in cash during the year	913	18,240
Cash received from escrow	—	(4,482)
	913	13,758
Cash inflow from increase in debt finance	(12,742)	(13,885)
Amounts owed by DMGT group undertakings	12,536	—
	707	(127)
Currency translation differences	(438)	(7,665)
Movement in net debt in the year	269	(7,792)
Net debt at October 1	(73,498)	(65,706)
Net debt at September 30	(73,229)	(73,498)

C. Analysis of net debt

	At October 1 2000 £000's	Cash flow £000's	Exchange movement £000's	At September 30 2001 £000's
Cash at bank and in hand	28,540	1,614	132	30,286
Bank overdrafts	—	(701)	16	(685)
	28,540	913	148	29,601
Debt due within one year	(222)	(12,387)	274	(12,335)
Debt due in more than one year	(101,816)	(355)	(571)	(102,742)
	(102,038)	(12,742)	(297)	(115,077)
Amounts owed by DMGT group undertakings	—	12,536	(289)	12,247
Total net debt	(73,498)	707	(438)	(73,229)

Group Statement of Total Recognized Gains & Losses

for the year ended September 30 2001

	Note	2001 £000's	2000 £000's
Profit for the financial year		8,429	14,285
Foreign exchange translation differences	22	(806)	(13,503)
Tax on foreign exchange translation differences	22	179	4,009
Total recognized gains and losses for the year		7,802	4,791

Reconciliation of Movements in Shareholders' Funds

for the year ended September 30 2001

	2001 £000's	2000 £000's
Profit for the financial year	8,429	14,285
<i>Dividends paid and proposed</i>	<i>(12,939)</i>	<i>(12,930)</i>
	(4,510)	1,355
Proceeds from exercise of share options	161	996
Reinstatement of goodwill on closed businesses	2,002	—
Other recognized gains and losses relating to the year	(627)	(9,494)
Net increase in shareholders' deficit	(2,974)	(7,143)
Opening shareholders' deficit	(89,944)	(82,801)
Closing shareholders' deficit	(92,918)	(89,944)

Notes to the Accounts

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. Set out below is a summary of the principal accounting policies adopted by the group.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company, its subsidiary undertakings and undertakings where the group exercises dominant influence, after eliminating the effects of intra-group transactions.

Where the group or the company owns a non-controlling interest, held for the long term, in the equity share capital of another company (or the equity of a partnership) and is in a position to exercise significant influence over that company or partnership, the interest is equity accounted and the company or partnership treated as an associated undertaking.

Where the group or the company owns a non-controlling interest in the equity share capital of another company and is not in a position to exercise significant influence, it is held as an investment and stated in the balance sheet at cost.

The results of subsidiary and associated undertakings acquired during the year are incorporated from the effective date of acquisition.

Turnover

Turnover represents income from subscriptions, advertising, sponsorship and delegate fees, net of value added tax. Subscription revenues are recognized in the profit and loss account over the period of the subscription.

Derivatives and other financial instruments

The group uses various financial instruments to manage financial risk arising from fluctuations in interest rates and foreign currency movements. These include currency swaps, forward foreign currency contracts, interest rate swaps, caps and collars.

Currency swaps and forward foreign currency contracts are used to convert foreign currency funds into sterling to meet sterling costs. Realized exchange gains and losses are recognized in the profit and loss account.

The premium or discount on interest rate instruments is recognized as part of net interest payable over the period of the contract.

Interest rate swaps, caps and collars, currency swaps and forward foreign currency contracts are not revalued to fair value or shown in the group balance sheet at the year end as all transactions derive from hedging activities. Interest rate swaps are accounted for on an accruals basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange of the related foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date.

Profit and loss accounts for overseas subsidiary undertakings are converted into sterling at the average daily rate of exchange for the year, with year end adjustment to closing rates taken to reserves.

Notes to the Accounts *continued*

1 Accounting policies *continued*

Gains and losses arising on the retranslation of the net assets of overseas subsidiary undertakings at closing rates are shown as a movement on reserves together with exchange differences arising on related foreign currency borrowings used to finance the group investment in such overseas companies. Changes in the sterling value of outstanding foreign currency loans which finance certain fixed assets are taken to reserves together with the differences arising on the translation of the related foreign currency denominated assets. All other exchange differences are taken to the profit and loss account.

Leased assets

Where the group has entered into finance leases, the obligations to the lessor are shown as part of the borrowings and the corresponding assets are treated as fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title. Depreciation is calculated in order to write-off the amounts capitalised over the estimated useful lives of the assets by equal annual installments. Rentals payable under finance leases are apportioned between capital and interest, the interest portion being charged to the profit and loss account and the capital portion reducing the obligations to the lessor.

Other leases are regarded as operating leases whose rentals are charged to the profit and loss account on a straight line basis as incurred.

Pensions

Contributions to pension schemes in respect of current and past service, ex-gratia pensions, and cost of living adjustments to existing pensions are based on the advice of actuaries.

Contributions are charged to the profit and loss account when amounts become payable on the accruals basis. For the defined benefit scheme there is no material difference at present between this basis and using a basis that spreads the expected cost of providing pensions over the employees' working lives with the group.

The group currently accounts for pensions under SSAP24 'Accounting for Pension Costs'. Under the transitional arrangements for FRS17 'Retirement Benefits', the group is required to provide additional disclosures relating to its pension schemes as set out in note 5.

Earnings per share

The earnings per share calculations in note 10 follow the provisions of FRS 14 'Earnings per Share', after calculating the dilution effect of the exercise of all ordinary share options granted by the company and excluding the ordinary shares held by the Euromoney Employees' Share Ownership Trust.

Depreciation

Depreciation of tangible fixed assets is provided on the straight-line basis over their expected useful lives at the following rates per year:

Motor vehicles	20%
Office equipment	25% - 33 1/3%
Short-term leasehold premises	over term of lease
Freehold premises	2%

Notes to the Accounts *continued*

1 Accounting policies *continued*

Goodwill

The group capitalises all goodwill arising on consolidation for those acquisitions made after October 1 1998. Such goodwill is amortised to the profit and loss account on a straight line basis over a maximum of 20 years. Goodwill arising on consolidation in respect of acquisitions made prior to that date remains eliminated against the profit and loss reserve, but is reinstated and charged to the profit and loss account on subsequent disposal of the business to which the goodwill relates.

Where the company has divisionalised the unincorporated businesses of its subsidiaries, the investment in the subsidiary then has the substance of goodwill and is reclassified accordingly. Goodwill arising in these circumstances is not amortized in the company where the directors are of the view that the goodwill has an indefinite economic life, but is reviewed annually for impairment. The non-amortization of goodwill represents a departure from the Companies Act 1985 but is necessary to give a true and fair view under the provisions of FRS 10 'Goodwill and Intangible Assets'. It is not possible to quantify the impact of this departure, as it would depend on the life adopted. As at 30 September 2001, the total of such goodwill was £7,100,000.

Deferred taxation

Following the issue of FRS19 'Deferred Taxation', deferred taxation is now provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences on un-remitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognized to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. No restatement of opening reserves has been necessary as a result of this accounting policy change.

Notes to the Accounts *continued*

2 Segmental analysis

	United Kingdom		North America		Rest of World		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover								
By destination:								
Other continuing businesses	32,678	30,639	88,464	77,864	78,369	78,605	199,511	187,108
Closed businesses	659	554	2,220	1,089	462	3,371	3,341	5,014
Acquisitions	162	—	488	—	1,281	—	1,931	—
	33,499	31,193	91,172	78,953	80,112	81,976	204,783	192,122
	United Kingdom		North America		Rest of World		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Turnover								
By activity and source:								
Financial publishing	26,701	25,996	50,382	45,712	2,163	1,862	79,246	73,570
Business publishing	31,088	31,638	6,472	5,849	3,053	1,919	40,613	39,406
Training	16,950	16,447	13,242	11,167	2,730	2,768	32,922	30,382
Conferences and seminars	13,693	13,192	11,776	10,857	8,204	9,219	33,673	33,268
Databases and information services	5,725	4,324	4,513	2,671	4,750	3,487	14,988	10,482
Closed businesses	302	372	3,039	4,642	—	—	3,341	5,014
	94,459	91,969	89,424	80,898	20,900	19,255	204,783	192,122
	United Kingdom		North America		Rest of World		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Operating profit								
By activity and source:								
Financial publishing	9,218	8,492	9,715	12,906	413	49	19,346	21,447
Business publishing	6,534	7,875	1,433	1,863	45	208	8,012	9,946
Training	4,163	3,947	2,388	2,221	679	1,018	7,230	7,186
Conferences and seminars	2,918	3,389	2,509	1,918	773	1,753	6,200	7,060
Databases and information services	1,340	1,253	(5,913)	(6,615)	—	(4)	(4,573)	(5,366)
Closed businesses	(642)	(387)	(1,606)	(466)	—	—	(2,248)	(853)
Acquisitions	50	—	(220)	—	(222)	—	(392)	—
Unallocated corporate costs	(5,407)	(6,861)	(50)	(18)	—	—	(5,457)	(6,879)
	18,174	17,708	8,256	11,809	1,688	3,024	28,118	32,541
Goodwill amortization	(319)	(459)	(5,630)	(5,041)	—	—	(5,949)	(5,500)
Operating profit after goodwill amortization	17,855	17,249	2,626	6,768	1,688	3,024	22,169	27,041

The goodwill amortization of £5,949,000 (2000 - £5,500,000) can be allocated as follows; Business publishing, £409,000 (2000 - £459,000); Conferences and seminars, £383,000 (2000 - £144,000); and Databases and information services, £5,157,000 (2000 - £4,897,000).

Notes to the Accounts *continued*

2 Segmental analysis *continued*

	United Kingdom		North America		Rest of World		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Net (liabilities)/assets								
By activity:								
Financial publishing	3,460	2,675	(21,144)	(17,208)	(322)	(368)	(18,006)	(14,901)
Business publishing	3,387	7,237	13,490	1,387	(322)	(401)	16,555	8,223
Training	(1,695)	(796)	(1,485)	(3,896)	(322)	(366)	(3,502)	(5,058)
Conferences and seminars	(583)	(531)	2,958	351	750	1,020	3,125	840
Databases and information services	1,160	937	(179)	211	—	—	981	1,148
Net operating assets/(liabilities)	5,729	9,522	(6,360)	(19,155)	(216)	(115)	(847)	(9,748)
Net non-operating assets/(liabilities)	(54,274)	(35,199)	(89,979)	(88,990)	21,480	19,141	(122,773)	(105,048)
Goodwill	6,872	4,639	24,177	21,160	—	—	31,049	25,799
	(41,673)	(21,038)	(72,162)	(86,985)	21,264	19,026	(92,571)	(88,997)

Net non-operating assets/(liabilities) include principally long-term loans and loan notes.

The goodwill net book value of £31,049,000 (2000 - £25,799,000) can be allocated as follows; Business publications, £14,378,000 (2000 - £4,670,000); Conferences and seminars, £3,188,000 (2000 - £3,569,000); Databases and information services, £13,483,000 (2000 - £17,560,000).

3 Operating profit

	Other				Other		
	Closed	continuing			Closed	continuing	
Acquisitions	businesses	businesses		Total	businesses	businesses	Total
2001	2001	2001		2001	2000	2000	2000
£000's	£000's	£000's		£000's	£000's	£000's	£000's
Turnover	1,931	3,341	199,511	204,783	5,014	187,108	192,122
Cost of sales	(717)	(3,279)	(68,684)	(72,680)	(3,221)	(64,632)	(67,853)
Gross profit	1,214	62	130,827	132,103	1,793	122,476	124,269
Distribution costs	(521)	(49)	(6,573)	(7,143)	(32)	(5,757)	(5,789)
Administrative expenses	(1,085)	(2,261)	(99,445)	(102,791)	(2,614)	(88,825)	(91,439)
Operating profit	(392)	(2,248)	24,809	22,169	(853)	27,894	27,041

Administrative expenses include goodwill amortization of £5,949,000 (2000 - £5,500,000).

Operating profit is stated after charging:

	2001	2000
	£000's	£000's
Goodwill amortization	5,949	5,500
Depreciation	3,168	3,104
Auditors' remuneration;		
Group (company £122,000 (2000 - £112,000))	361	322
Fees for non-audit services	137	169
Property operating lease rentals	5,360	4,606

The non-audit services principally relate to taxation services.

Notes to the Accounts *continued*

4 Exceptional items

During the year the group closed three of its non performing businesses in the US and UK. The exceptional charge of £3,250,000 includes £2,002,000 of reinstated goodwill which was previously written off to reserves. The tax and cash flow effect of the exceptional items is shown in note 8 and the cash flow statement respectively.

5 Staff costs

(i) Directors' emoluments

	2001 £000's	2000 £000's
The emoluments of the directors of Euromoney Institutional Investor PLC were as follows:		
Fees	266	225
Management remuneration	5,646	4,910
Pension contributions	420	1,314
	6,332	6,449

Details of directors' remuneration are set out in the report by the board to shareholders on directors' remuneration on pages 17 to 24.

(ii) Number of staff

	2001 Average	2000 Average
United Kingdom	780	698
North America	629	634
Rest of World	471	357
	1,880	1,689

(iii) Staff costs

	2001 £000's	2000 £000's
Salaries, wages and incentives	62,511	53,216
Social security costs	5,683	4,693
Pension contributions	1,066	1,953
	69,260	59,862

Notes to the Accounts *continued*

5 Staff costs *continued*

(iv) Pension contributions

The company operates the Euromoney Pension Plan in the UK and the Euromoney Institutional Investor Inc. Retirement Savings Plan in the US. It also participates in the Harmsworth Pension Scheme, which is operated by Daily Mail and General Trust plc.

The pension charge for the year ended September 30 comprised:

	2001 £000's	2000 £000's
Harmsworth Pension Scheme	220	215
Euromoney Pension Plan	205	215
Private schemes	641	1,523
	<u>1,066</u>	<u>1,953</u>

Harmsworth Pension Scheme

The Harmsworth Pension Scheme is a defined benefit pension arrangement providing service-related benefits based on final pensionable salary. The assets of the scheme are held independently from the company's finances and are administered by a Trustee company. Pension costs are assessed on the advice of an independent qualified actuary following triennial valuations using the projected unit method.

A valuation of this scheme was carried out as at March 31 2001. The assumptions having the most significant effect on the results of the valuations are shown in the following table:

Price inflation	2.5% p.a.
Salary increases	4.3% p.a.
Pension increases	2.5% p.a.
Investment return	6.8% p.a.
Dividend growth	3.5% p.a.

The contribution rate paid by employees is 5.0% of pensionable salaries and the company's cash contribution is 12.0% of pensionable salaries.

The surplus identified from the last valuation of the scheme will be amortized over a period of 11 years using the straight line method. The pension cost to the company of this scheme over the estimated average service life of employees is 10.4% of pensionable salaries. This comprises a regular cost of around 16.5% less a variation of approximately 6%.

The next valuation of the scheme will be carried out as at March 31 2004.

The effect of UITF 6 'Accounting for Post-Retirement Benefits other than Pensions', is not material.

Euromoney Pension Plan

The Euromoney Pension Plan is a defined contribution arrangement under which contributions are paid by the employer and employees.

Notes to the Accounts *continued*

5 Staff costs *continued*

The assets of the plan are invested under trust with Scottish Widows in funds selected by members and are held independently from the company's finances.

Overseas Pension Plans

Institutional Investor Inc. contributes to a 401k savings and investment plan for its employees which is administered by an independent investment provider. Employees are able to contribute up to 15% of salary with the company matching up to 50% of the employee contributions, up to 5% of salary.

FRS 17 'Retirement Benefits'

In accordance with the requirements of FRS 17, this note discloses the main financial assumptions made in valuing the liabilities of the Harmsworth Pension Scheme and the fair value of assets held. However, as permitted by FRS 17, the costs, accruals and prepayments recorded in the financial statements continue to be reported under the requirements of SSAP 24 'Accounting for Pension Costs'.

The disclosures in this note are based on the calculations carried out in connection with the formal actuarial valuation of the scheme as at March 31 2001, updated to September 30 2001 by the actuary.

The main financial assumptions used for FRS 17 purposes are shown in the following table:

Price inflation	2.4%
Salary increases	4.2%
Pension increases	2.4%
Discount rate for scheme liabilities	6.0%

The fair value of the assets held by the scheme, the long term expected rate of return on each class of assets and the value of the schemes' liabilities assessed on the assumptions described above are shown in the following table:

Harmsworth Pension Scheme

	Long term rate of return expected at 30 Sept 2001	Value at 30 Sept 2001 £ million
Equities	7.0%	169.4
Bonds	5.0%	43.1
Property	7.0%	25.4
Other Assets	5.0%	90.4
Total market value of assets		328.3
Present value of schemes' liabilities		(322.3)
Surplus in the schemes		6.0
Net pension asset		6.0

The group is unable to identify its share of the assets and liabilities of the Harmsworth Pension Scheme.

The ratio of assets to liabilities in the Harmsworth Pension Scheme was 101.9% at the year end. Accordingly it is not anticipated that the pension charged by the company will alter materially in the foreseeable future.

Notes to the Accounts *continued*

6 Interest receivable

	2001 £000's	2000 £000's
Interest receivable from short-term investments	1,248	1,329

7 Interest payable and similar charges

	2001 £000's	2000 £000's
Bank overdrafts	9	92
ESOT loan	—	31
Secured loan stock	2	137
Revolving credit facility	6,654	5,851
	<u>6,665</u>	<u>6,111</u>

8 Tax on profit on ordinary activities

	2001 £000's	2000 £000's
UK corporation tax at 30% (2000 - 30%)	4,489	5,889
Overseas tax	1,104	1,277
Associates	53	52
Over provision of UK corporation tax in prior years	(604)	—
Over provision of overseas tax in prior years	(17)	—
Tax charge for year	<u>5,025</u>	<u>7,218</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2000 - 30%). The current tax charge for the year exceeds 30% of profit before tax for the reasons set out in the following reconciliation:

	2001 £000's	2000 £000's
Profit on ordinary activities before tax	13,671	22,603
Tax at 30%	4,101	6,781
Factors affecting change:		
UK goodwill amortization and disallowables	2,549	1,861
US goodwill amortization	(1,250)	(1,659)
US state taxes	524	273
Depreciation in excess of capital allowances	56	130
Lower rates of tax on overseas profits	(531)	(257)
Utilization of losses brought forward	(169)	—
Over provisions in prior years	(621)	—
Overseas losses for which no relief is currently available	366	89
Current tax charge for the year	<u>5,025</u>	<u>7,218</u>

Included within the corporation tax charge for the year is a tax credit of £121,000 in respect of exceptional items shown in the profit and loss account after operating profit (see note 4). This tax credit arises on closure costs in relation to UK businesses.

Notes to the Accounts *continued*

9 Dividends

	2001 £000's	2000 £000's
Interim paid 5p per share (2000 - 5p)	4,388	4,387
Final proposed 9.75p per share (2000 - 9.75p)	8,560	8,553
	<u>12,948</u>	<u>12,940</u>
Employees' Share Ownership Trust dividend	(9)	(10)
	<u>12,939</u>	<u>12,930</u>

10 Earnings per share

	2001 £000's	2000 £000's
Basic earnings	8,429	14,285
Goodwill amortization	5,949	5,500
Loss/(profit) on closed businesses (note 4)	3,250	(179)
Adjusted earnings before goodwill amortization and exceptional items	<u>17,628</u>	<u>19,606</u>

	Number 000's	Number 000's
Weighted average number of shares	87,757	87,645
Shares held by the Employees' Share Ownership Trust	(59)	(269)
	<u>87,698</u>	<u>87,376</u>
Effect of dilutive share options	4	1,027
Diluted weighted average number of shares	<u>87,702</u>	<u>88,403</u>

	Pence per share	Pence per share
Basic earnings per share	9.61	16.35
Effect of dilutive share options	—	(0.19)
Diluted earnings per share	<u>9.61</u>	<u>16.16</u>
Effect of goodwill amortization	6.78	6.22
Effect of loss/(profit) on sale of closed businesses	3.71	(0.20)
Adjusted diluted earnings per share before goodwill amortization and exceptional items	<u>20.10</u>	<u>22.18</u>

The adjusted diluted earnings per share figure has been disclosed since the directors consider it to give a more meaningful indication of the underlying trading performance.

Notes to the Accounts *continued*

11 Intangible fixed assets

	Group goodwill £000's	Company goodwill £000's
Cost		
At October 1 2000	34,745	7,100
Additions	11,199	1,049
At September 30 2001	45,944	8,149
Amortization		
At October 1 2000	8,946	—
Charge for the year	5,949	—
At September 30 2001	14,895	—
Net book value at September 30 2001	31,049	8,149
Net book value at October 1 2000	25,799	7,100

Included in the company goodwill of £8,149,000 is an amount of £7,100,000 (2000 - £7,100,000) which relates to the reclassification of investment in subsidiaries to goodwill after the trade and net assets of these subsidiaries were transferred to the company.

12 Tangible fixed assets

	Motor vehicles £000's	Office equipment £000's	Short-term leasehold premises £000's	Freehold premises £000's	Total £000's
Group					
Cost					
At October 1 2000	375	12,480	7,262	862	20,979
Exchange adjustment	—	74	58	—	132
Additions	106	1,941	122	—	2,169
Acquisitions	—	127	79	—	206
Disposals	(50)	(506)	(176)	—	(732)
At September 30 2001	431	14,116	7,345	862	22,754
Depreciation					
At October 1 2000	145	8,884	4,162	131	13,322
Exchange adjustment	—	14	12	—	26
Charge for the year	97	2,469	585	17	3,168
Disposals	(29)	(565)	(138)	—	(732)
At September 30 2001	213	10,802	4,621	148	15,784
Net book value at September 30 2001	218	3,314	2,724	714	6,970
Net book value at October 1 2000	230	3,596	3,100	731	7,657

Notes to the Accounts *continued*

12 Tangible fixed assets *continued*

	Motor vehicles £000's	Office equipment £000's	Short-term leasehold premises £000's	Freehold premises £000's	Total £000's
Company					
Cost					
At October 1 2000	331	3,426	2,997	862	7,616
Additions	65	581	—	—	646
Disposals	(26)	(2)	—	—	(28)
At September 30 2001	370	4,005	2,997	862	8,234
Depreciation					
At October 1 2000	141	2,440	1,047	131	3,759
Charge for the year	67	739	193	17	1,016
Disposals	(20)	(2)	—	—	(22)
At September 30 2001	188	3,177	1,240	148	4,753
Net book value at September 30 2001	182	828	1,757	714	3,481
Net book value at October 1 2000	190	986	1,950	731	3,857

13 Fixed asset investments

	October 1 2000 £000's	Additions £000's	September 30 2001 £000's
Group			
Cost of shares	48	—	48
Share of post acquisition reserves	(311)	116	(195)
Goodwill	(19)	—	(19)
Investment in associated undertakings	(282)	116	(166)
Loans to associated undertakings	398	—	398
Provisions for liabilities and charges	282	(116)	166
ESOT investment in own shares	74	—	74
	472	—	472

Notes to the Accounts *continued*

13 Fixed asset investments *continued*

Company	Subsidiaries £000's	Associated undertakings £000's	ESOT investment in own shares £000's	Other investments £000's	Total £000's
At October 1 2000	61,848	34	74	14	61,970
Additions	9,739	—	—	—	9,739
Disposals	(49)	—	—	—	(49)
At September 30 2001	71,538	34	74	14	71,660

The principal associated undertaking at September 30 2001 was Capital NET Limited whose principal activity is the provision of electronic database services. The group has a 49.7% interest in Capital NET Limited.

The group has a 50% interest in Capital DATA Limited which is accounted for as a trade investment, as the group does not exercise significant influence nor is it involved in the day to day running of the business. The group is entitled to 28.2% of Capital DATA's revenues which amounted to £2,266,000 in the year (2000 - £1,934,000).

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust (ESOT). At 30 September 2001 the ESOT held 58,976 shares carried at a historic cost of £1.25 per share with a market value of £126,000 (2000 - 58,976 shares with a market value of £327,000). Interest and administrative costs are charged to the profit and loss account of the ESOT as incurred.

Details of the principal subsidiary undertakings at September 30 2001 are as follows:

Direct	Proportion held	Principal activity	Country of incorporation and operation
Adhesion (UK) Limited	100%	Conventions	England
Businesstraveller.com Limited	75%	Information services	England
Business Traveller (Holdings) Limited	95%*	Holding company	England
Coaltrans Conferences Limited	95%	Conferences	England
Euromoney Publications (Jersey) Limited	100%†	Publishing	Jersey
Euromoney Publications (Overseas) Limited	100%	Holding company	England
Euromoney US Holdings LP	100%	Holding company	US
Glenprint Limited	100%	Publishing	England
InvestorAccess.com Limited	95%	Information services	England
Mondiale Corporation Limited	98.5%*	Publishing	England
Mundy Perry Limited	100%	Publishing	England
Portman Communications Limited	100%	Holding company	England
The Petroleum Economist Limited	100%	Publishing	England
Tipall Limited	100%	Property holding	England
World Link Publications Limited	50%#	Publishing	England

All holdings are of ordinary shares.

* 100% preference shares held in addition.

† Euromoney Publications (Jersey) Limited's principal country of operation is Hong Kong.

World Link Publications Limited is treated as a subsidiary undertaking because the group is in a position to exercise dominant influence over its operating and financial policies.

Notes to the Accounts *continued*

13 Fixed asset investments *continued*

Indirect	Proportion held	Principal activity	Country of incorporation and operation
Adhesion et Associes SA	100%	Conventions	France
Business Conventions Internationale	100%	Conventions	France
Carlcroft Limited	100%	Publishing	England
EII Holdings, Inc.	100%*	Holding company	US
Engel Publishing Partners	90%	Publishing	US
Euromoney, Inc.	100%	Holding company	US
Euromoney Training, Inc.	100%	Holding company	US
Euromoney (Singapore) Pte Ltd.	100%	Training	Singapore
Gulf Publishing Company	100%	Publishing	US
Influent Technology, Inc.	90%	Training	US
Institutional Investor, Inc.	100%	Publishing	US
Internet Securities, Inc.	82.6%	Information services	US
Latin American Financial Publications, Inc.	100%	Publishing	US
Lingua Franca, Inc.	88.75%	Training	US
Technology and Media Limited	100%	Publishing	England
Med Ad, Inc.	100%	Holding company	US
MIS Training Institute, Inc.	100%	Training	US
MIS Training (UK) Limited	100%	Training	England
Perry Publications Limited	95%	Publishing	England
Perry Publications, Inc.	95%	Publishing	US
PREP Institute of America, Inc.	100%	Training	US
Semaphore Europe Limited	88.75%	Training	England

All holdings are of ordinary shares.

* 100% preference shares held in addition.

Notes to the Accounts *continued*

14 Acquisitions

The following interests in subsidiaries were acquired in the year, all of which were accounted for using the acquisition method.

Increase in equity shareholdings

On October 1 2000 the group acquired the remaining 5% equity shareholding in The Petroleum Economist Limited for a cash consideration paid in December 2000 of £323,000, resulting in goodwill of £295,000.

On October 1 2000 the group increased its equity shareholding in World Link Publications Limited from 46% to 50% for a cash consideration of £219,000, of which 50% was paid in January 2001, resulting in goodwill of the same amount.

On October 1 2000 the group increased its capital holding in Engel Publishing Partners from 80% to 90% for a cash consideration of £1,879,000 paid in December 2000, resulting in goodwill of £1,593,000.

On January 1 2001 the group increased its equity shareholding in Mondiale Corporation Limited from 85% to 98.5% for a cash consideration of £299,000 paid in August 2001. This resulted in goodwill of £284,000.

On January 3 2001 the group purchased 100% of the net assets of the title of Business Traveller Asia Pacific and the remaining 50% of Business Traveller (Germany) GmbH for a cash consideration of £420,000, all of which was paid in January 2001, resulting in goodwill of the same amount.

Purchase of new businesses

On April 11 2001 the group purchased 100% of the share capital of Portman Communications Limited for a cash consideration of £84,000, of which 52% was paid by September 30 2001, resulting in provisional goodwill of £284,000. Portman Communications Limited owns 100% of the share capital of Technology and Media Limited.

On May 23 2001 the group purchased the business and assets of *The Company Investor Show* and *The Technology Investor Show* from Imperator Financial Conferences and Exhibitions for a cash consideration of £1,049,000, of which 75% was paid by September 30 2001, resulting in provisional goodwill of the same amount.

On August 31 2001 the group purchased some of the assets and trade of World Oil Inc, for a cash consideration of £6,674,000, resulting in provisional goodwill of £7,055,000.

	Book value £000's	Fair value adjustments £000's	Provisional fair value £000's	Provisional goodwill £000's	Consideration £000's
Portman Communications Ltd	(200)	—	(200)	284	84
Imperator	—	—	—	1,049	1,049
World Oil Inc.	105	(486)	(381)	7,055	6,674

Notes to the Accounts *continued*

15 Debtors

	Group 2001 £000's	Group 2000 £000's	Company 2001 £000's	Company 2000 £000's
Amounts falling due within one year				
Trade debtors	31,602	34,960	16,571	19,209
Amounts owed by DMGT group undertakings (note 25)	12,247	—	12,247	—
Amounts owed by subsidiary undertakings	—	—	8,004	19,981
Other debtors	2,177	1,271	1,268	1,043
Prepayments and accrued income	3,038	4,192	816	245
	49,064	40,423	38,906	40,478

16 Creditors: amounts falling due within one year

	Group 2001 £000's	Group 2000 £000's	Company 2001 £000's	Company 2000 £000's
Bank overdrafts	685	—	731	1,324
Bank loan	—	120	—	—
Redeemable secured loan stock	88	102	68	82
Trade creditors	7,397	6,939	5,082	2,235
Amounts owed to DMGT group undertakings (note 25)	14,737	2,050	14,737	2,050
Amounts owed to subsidiary undertakings	—	—	6,885	19,919
Other creditors	6,319	4,973	4,396	5,045
Corporation tax	10,564	6,670	6,201	4,292
Accruals	18,822	20,036	10,530	11,062
Deferred consideration for acquisitions	415	—	—	—
Proposed dividend	8,554	8,547	8,554	8,547
	67,581	49,437	57,184	54,556

17 Creditors: amounts falling due after more than one year

	Group 2001 £000's	Group 2000 £000's	Company 2001 £000's	Company 2000 £000's
Revolving credit facilities	102,742	101,453	13,608	11,498
Bank loan	—	363	—	—
	102,742	101,816	13,608	11,498

Notes to the Accounts *continued*

18 Treasury

Overview

An overview of treasury policies is included within the operating & financial review on pages 4 to 9. Short-term debtors and creditors and inter-company balances have been excluded from the following disclosures other than the currency profile of monetary assets and liabilities.

Financial liabilities

	2001 £000's	2000 £000's
Bank overdraft	685	—
Bank loans	—	483
Amounts owed to DMGT group undertakings	12,247	—
Redeemable secured loan stock	88	102
Revolving credit facility	102,742	101,453
	<u>115,762</u>	<u>102,038</u>

Financial assets

	2001 £000's	2000 £000's
Cash at bank	30,286	28,540
Amounts owed by DMGT group undertaking	12,247	—
	<u>42,533</u>	<u>28,540</u>

The redeemable secured loan stock can be redeemed at par at the holder's option at 6 months notice. Interest is payable at 1% below LIBOR.

The group is one of a number of approved borrowers under a US\$597.1 million (£406.3 million) Daily Mail and General Trust plc committed revolving credit facility. Interest is payable on the new facility at a rate of 0.50% above US dollar LIBOR. As at 30 September 2001 there are no other committed un-drawn facilities directly available to the group. Full details of the revolving credit facilities and other financial arrangements with Daily Mail and General Trust plc are included in note 25.

Maturity profile of financial liabilities

The maturity profile of the group's financial liabilities as at September 30 2001 was as follows:

	Loan stock £000's	Bank overdraft £000's	Bank loans £000's	Owed to DMGT group undertakings £000's	Revolving credit £000's	Total £000's
Amounts falling due:						
In one year or less or on demand	88	685	—	12,247	—	13,020
In more than two, but not more than five years	—	—	—	—	102,742	102,742
Gross financial liabilities	<u>88</u>	<u>685</u>	<u>—</u>	<u>12,247</u>	<u>102,742</u>	<u>115,762</u>

Notes to the Accounts *continued*

18 Treasury *continued*

The maturity profile of the group's financial liabilities as at September 30 2000 was as follows:

	Loan stock £000's	Bank overdraft £000's	Bank loans £000's	Owed to DMGT group undertakings £000's	Revolving credit £000's	Total £000's
Amounts falling due:						
In one year or less or on demand	102	—	120	—	—	222
In more than one, but not more than two years	—	—	105	—	—	105
In more than two, but not more than five years	—	—	258	—	101,453	101,711
Gross financial liabilities	102	—	483	—	101,453	102,038

Currency and interest rate profile of financial liabilities

The profile of financial liabilities stated after taking account of various interest rate swaps as at September 30 was as follows:

Currency	US dollars 2001 £000's	Sterling 2001 £000's	Total 2001 £000's	US dollars 2000 £000's	Sterling 2000 £000's	Total 2000 £000's
Floating rate	61,241	88	61,329	68,118	102	68,220
Fixed rate	54,433	—	54,433	33,818	—	33,818
	115,674	88	115,762	101,936	102	102,038

Of the fixed rate liabilities:

	2001	2000
Weighted average interest rate	6.25%	6.27%
Weighted average period for which the rate is fixed	3.03 years	2.55 years

Further protection is provided by an interest rate cap on US\$10 million at 8% expiring on May 29 2002.

Currency and interest profile of financial assets

The interest rate risk profile of the group's financial assets at September 30 2001 was as follows:

	US Dollars £000's	Sterling £000's	Other £000's	Total £000's
Floating rate				
Cash at bank	23,784	1,290	748	25,822
Amounts owed by DMGT group undertakings	12,247	—	—	12,247
	36,031	1,290	748	38,069
Non-interest bearing	3,150	—	1,314	4,464
	39,181	1,290	2,062	42,533

Floating rate cash deposits comprise bank deposits and funds placed on overnight money markets, which earn returns linked to variable bank interest rates.

Notes to the Accounts *continued*

18 Treasury *continued*

The interest rate risk profile of these financial assets as at September 30 2000 was as follows:

	US Dollars £000's	Sterling £000's	Other £000's	Total £000's
Floating rate	20,855	583	338	21,776
Non-interest bearing	5,197	239	1,328	6,764
	26,052	822	1,666	28,540

Currency profile of net monetary assets

The table below shows the group's currency profile which gives rise to net currency gains and losses recognized in the profit and loss account. These comprise the monetary assets and liabilities of the group which are not denominated in the operating currency of the operating unit involved, but exclude certain non-sterling borrowings which are matched by equivalent group assets or are treated as hedges of net investments in overseas operations. The amounts shown take into account the effect of currency swaps, forward contracts and other derivatives entered into to manage these exposures.

As at September 30 2001 these exposures were as follows:

	Net foreign currency monetary assets			Total
	Sterling £000's	US dollars £000's	Other £000's	£000's
Functional currency:				
Sterling	—	10,457	1,020	11,477
US Dollar	72	—	—	72
Other	—	764	422	1,186
Total	72	11,221	1,442	12,735

As at September 30 2000 these exposures were as follows:

	Net foreign currency monetary assets			Total
	Sterling £000's	US dollars £000's	Other £000's	£000's
Functional currency:				
Sterling	—	13,635	1,830	15,465
US Dollar	219	—	—	219
Other	33	699	442	1,174
Total	252	14,334	2,272	16,858

Notes to the Accounts *continued*

18 Treasury *continued*

Fair values of financial assets and liabilities

Set out below is a comparison of book values to fair values of all the group's financial assets and liabilities as at September 30 2001. Market values have been used to determine the fair value of all swaps, caps and foreign currency contracts.

	Book value £000's	Fair value £000's
Primary financial instruments held to finance the group's operations:		
Liabilities:		
Short-term borrowings and current portion of long-term borrowings	(13,020)	(13,020)
Long-term borrowings	(102,742)	(102,742)
	<u>(115,762)</u>	<u>(115,762)</u>
Assets:		
Amounts owed by DMGT group undertakings	12,247	12,247
Cash at bank	30,286	30,286
	<u>42,533</u>	<u>42,533</u>
Derivative financial instruments held to manage the interest rate and currency profile of the group:		
Interest rate swaps	—	(3,427)
Derivative financial instruments held or issued to hedge the currency exposures on expected future sales:		
Forward foreign currency contracts	—	865

The book values and fair values of these financial instruments as at September 30 2000 were as follows:

	Book value £000's	Fair value £000's
Primary financial instruments held to finance the group's operations:		
Liabilities:		
Short-term borrowings and current portion of long-term borrowings	(222)	(222)
Long-term borrowings	(101,816)	(101,816)
	<u>(102,038)</u>	<u>(102,038)</u>
Assets:		
Cash at bank	28,540	28,540
Derivative financial instruments held to manage the interest rate and currency profile of the group:		
Interest rate swaps	—	314
Interest rate caps and collars	—	8
	<u>—</u>	<u>322</u>
Derivative financial instruments held or issued to hedge the currency exposures on expected future sales:		
Currency swaps	—	(85)
Forward foreign currency contracts	—	(696)
	<u>—</u>	<u>(781)</u>

Notes to the Accounts *continued*

18 Treasury *continued*

Hedges

As explained in the operating and financial review on pages 4 to 9 the group uses derivative financial instruments to reduce exposure to foreign currency exchange risks. These instruments take the form of forward exchange rate contracts to sell US dollars in exchange for sterling to meet the excess of sterling costs over sterling revenues in the parent company.

The group also uses interest rate swaps and interest rate cap and collar derivatives to minimize interest rate fluctuations.

On September 28 2001 the group entered into a tax equalization swap to hedge the cash effect of tax on unrealized foreign currency gains and losses on the company's net dollar liabilities. This was achieved by a sale of US\$11 million in exchange for sterling maturing on September 27 2002.

In the previous year the group hedged this same risk by entering into a forward contract selling US dollars in exchange for sterling. The contract matured on September 27 2001 for a value of US\$7 million.

Unrecognized gains and losses on hedging instruments and the movements therein, are as follows:

	Gains £000's	Losses £000's	Total £000's
Unrecognized gains and losses on hedges as at October 1 2000	697	(1,156)	(459)
Gains and losses arising in previous years and recognized in 2001	(397)	1,156	759
Gains and losses arising before October 1 2000 and not recognized in 2001	300	—	300
Gains and losses arising in 2001 that were not recognized in 2001	574	(3,436)	(2,862)
Unrecognized gains and losses on hedges as at September 30 2001	874	(3,436)	(2,562)
Of which:			
Gains and losses expected to be recognized in the year to September 30 2002	870	(1,350)	(480)
Gains and losses expected to be recognized in the year to September 30 2003 or later	4	(2,086)	(2,082)

Notes to the Accounts *continued*

19 Provisions for liabilities and charges

	Onerous lease provision £000's	Share of net liabilities in associated undertakings £000's	Total £000's
At October 1 2000	2,230	282	2,512
Profit and loss account	(1,621)	—	(1,621)
Provided in the year	329	—	329
Exchange differences	65	—	65
Share of net liabilities in associated undertakings	—	(116)	(116)
At September 30 2001	1,003	166	1,169

Maturity profile of provisions

	2001 £000's	2000 £000's
Within one year	840	1,672
Between one and two years	294	840
Between two and five years	35	—
	1,169	2,512

20 Deferred taxation

The unrecognized deferred tax asset as at September 30 comprised:

	Group 2001 £000's	Group 2000 £000's	Company 2001 £000's	Company 2000 £000's
Accelerated capital allowances	415	318	415	318
Other timing differences	5,500	6,169	—	—
	5,915	6,487	415	318

No provision has been made for taxes which could arise from the revaluation of fixed assets where there is no commitment to sell the asset, or on un-remitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

A deferred tax asset has not been recognized in respect of overseas tax losses as there is insufficient certainty in the current global market to be able to say that the group will be more likely than not to generate sufficient suitable overseas taxable profits within the immediate future.

A deferred tax asset has not been recognized in respect of capital allowances in excess of depreciation on the basis that the asset is anticipated to increase further in the short term. There is therefore insufficient certainty that the group will be more likely than not to recover this asset in the immediate future.

Notes to the Accounts *continued*

21 Called up share capital

	2001 £000's	2000 £000's
Authorized:		
112,000,000 ordinary shares of 0.25p each	280	280
Allotted and fully paid:		
87,791,812 ordinary shares of 0.25p each		
(2000 - 87,727,812 ordinary shares of 0.25p each)	219	219

During the year, 64,000 ordinary shares of 0.25p each (2000 - 286,404 ordinary shares) with an aggregate nominal value of £160 (2000 - £716) were issued for a cash consideration of £161,000 (2000 - £996,000) following the exercise of share options granted under the company's share option schemes.

Share options

The following options are outstanding at September 30 and are options to subscribe for new ordinary shares of 0.25p each in the company:

Number of ordinary shares under option

Period during which option may be exercised	2001	2000	Option price £
Before December 5 2001	2,000	2,000	1.28
Before December 8 2002	5,000	7,000	2.12
Before November 29 2003	35,000	35,000	3.52
Before December 8 2004	32,000	32,000	4.05
Before June 19 2005	570,968	570,968	3.54
Before February 8 2006	29,784	29,784	3.33
Before February 8 2003	202,216	202,216	3.33
Before February 7 2007	62,404	70,404	3.55
Before February 24 2004	118,596	142,596	3.58
Before January 7 2008	86,228	101,140	3.96
Before January 7 2005	237,772	248,860	3.96
Between January 29 2002 and January 29 2009	322,000	348,000	4.19
Between February 11 2002 and February 11 2009	160,000	160,000	3.96
Between June 25 2002 and June 25 2009	540,000	552,000	4.31
Between January 5 2003 and January 5 2010	252,000	320,000	5.63
Between March 2 2004 and March 2 2011	366,000	—	5.38
	<u>3,021,968</u>	<u>2,821,968</u>	

Notes to the Accounts *continued*

22 Statement of movements on reserves

Group	Share premium account £000's	Capital redemption reserve £000's	Profit & loss account £000's	Total £000's
At October 1 2000	33,578	8	(123,749)	(90,163)
Retained loss for the year	—	—	(4,510)	(4,510)
Reinstatement of goodwill on closed businesses	—	—	2,002	2,002
Foreign exchange translation differences	—	—	(806)	(806)
Tax on foreign exchange translation differences	—	—	179	179
Exercise of share options	161	—	—	161
At September 30 2001	33,739	8	(126,884)	(93,137)

As permitted under the provisions of FRS 10 'Goodwill and Intangible Assets', goodwill arising on consolidation previously written off to reserves has been set off against the profit and loss account.

The cumulative amount of goodwill written off to reserves at September 30 2001 was £167,445,000 (2000 - £169,447,000).

Company	Share premium account £000's	Capital redemption reserve £000's	Capital reserve £000's	Profit & loss account £000's	Total £000's
At October 1 2000	33,578	8	1,842	4,679	40,107
Retained profit for the year	—	—	—	1,612	1,612
Exercise of share options	161	—	—	—	161
At September 30 2001	33,739	8	1,842	6,291	41,880

23 Commitments

Acquisitions

The group has a number of contingent commitments under put options given to various parties under acquisition agreements estimated at an aggregate £2,300,000 at September 30 2001 (2000 - £3,300,000).

Operating leases

Annual commitments under operating leases for land and buildings at September 30 2001 were as follows:

	Group 2001 £000's	Group 2000 £000's	Company 2001 £000's	Company 2000 £000's
Operating leases which expire:				
Within one year	1,830	515	9	7
Between two and five years	3,403	4,986	409	414
Over five years	313	401	268	268
	5,546	5,902	686	689

Notes to the Accounts *continued*

24 Contingent liabilities and assets

Claims in Malaysia

Four writs claiming damages for libel have been issued in Malaysia against the company and three of its employees in respect of an article published in one of the company's magazines, *International Commercial Litigation*, in November 1995. The writs were served on the company on October 22 1996. The total amount claimed is 280 million Malaysian ringgits (£50 million). No provision has been made in these financial statements as the directors do not believe that the company has any material liability in respect of these writs.

Claims in England and Wales

A claim related to the article published in *International Commercial Litigation* has been brought in England against the company and three of its employees. This claim seeks a 100% contribution towards damages and legal costs incurred in Malaysia by sources quoted in the article. The total amount claimed is 23 million Malaysian ringgits (£4 million). Leading counsel has advised that the company has good prospects of succeeding with its defence. On this basis no provision has been made in these financial statements in respect of this claim.

Contingent assets

In March 1999, the group sold its investment in 100% Design Limited for a cash consideration of £743,000 and a maximum performance based deferred consideration of £2 million. Of this deferred consideration, to date the company has received £179,000. The final element of consideration is due in the next financial year.

25 Related party transactions

- (i) The operating lease charge includes property rental payments amounting to £110,000 (2000 - £107,000) made to the president of MIS Training, Inc. a subsidiary undertaking.
- (ii) During the year the group made a number of related party acquisitions. See note 14 for further details.
- (iii) The group is one of a number of approved borrowers under a US\$597.1 million (£406.3 million) Daily Mail and General Trust plc bi-lateral facility. Interest is payable on the new facility at a rate of 0.50% above US dollar LIBOR. No commitment or arrangement fees are paid to the banks in respect of the revolving credit facility, but a fee is calculated as 0.07% of the gross debt and is paid by the group to the Daily Mail and General Trust plc.
- (iv) During the year, as part of a restructuring of finance, the group borrowed US\$18.0 million (£12.2 million) from Daily Mail and General Holdings Limited and loaned the same amount to Associated Newspapers North America, Inc. Each balance is repayable within one month of demand and bears interest at the US prime rate.
- (v) The group expensed £215,000 (2000 - £140,000) for services including the bi-lateral commitment and arrangement fee above.
- (vi) On September 28 2001 the group entered into a US\$15 million fixed rate interest rate swap at 5.38% with Daily Mail and General Trust plc. The termination date is March 29 2006.
- (vii) The group agreed on September 28 2001 to sell US\$11 million for sterling to the Daily Mail and General Trust plc on September 27 2002 at an exchange rate of 1.45.

26 Ultimate parent undertaking

The directors regard the ultimate parent undertaking as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is The Viscount Rothermere. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of Daily Mail and General Trust plc, registered in England and Wales. Copies of the report and accounts are available from:

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House, 2 Derry Street
London W8 5TT

Five Year Record

Group profit and loss extracts

	1997 £000's	1998 £000's	1999 £000's	2000 £000's	2001 £000's
Turnover	131,050	176,930	168,243	192,122	204,783
Operating profit before goodwill amortization	29,475	35,212	28,433	32,541	28,118
Goodwill amortization	—	—	(3,446)	(5,500)	(5,949)
Operating profit	29,475	35,212	24,987	27,041	22,169
Share of profits in associated undertakings	303	585	416	165	169
Exceptional items	(169)	—	893	179	(3,250)
Net interest (payable)/receivable	729	(3,712)	(3,727)	(4,782)	(5,417)
Profit before taxation	30,338	32,085	22,569	22,603	13,671
Taxation	(9,185)	(8,342)	(7,184)	(7,218)	(5,025)
Profit after taxation	21,153	23,743	15,385	15,385	8,646
Minority interests	(1,857)	(1,194)	(322)	(1,100)	(217)
Available for shareholders	19,296	22,549	15,063	14,285	8,429
Dividends	(10,905)	(11,899)	(11,934)	(12,930)	(12,939)
Retained (loss)/profit	8,391	10,650	3,129	1,355	(4,510)
Basic earnings per share	22.56p	26.13p	17.37p	16.35p	9.61p
Diluted earnings per share	22.66p	26.01p	17.32p	16.16p	9.61p
Adjusted diluted earnings per share	22.85p	26.01p	20.25p	22.18p	20.10p
Diluted weighted average number of ordinary shares (number)	85,048,408	86,686,980	86,978,068	88,402,637	87,702,074
Dividends per share (net)	12.75p	13.75p	13.75p	14.75p	14.75p

Group balance sheet extracts

Intangible fixed assets	—	—	21,958	25,799	31,049
Tangible fixed assets	10,142	9,293	9,656	8,129	7,442
Net current assets/(liabilities)	6,331	2,784	(3,890)	19,526	11,769
Creditors: amounts falling due after more than one year	(84,963)	(60,609)	(73,816)	(101,816)	(102,742)
Provisions for liabilities and charges	(5,806)	(4,539)	(3,628)	(2,512)	(1,169)
Deferred income	(29,164)	(30,785)	(32,760)	(38,123)	(38,920)
Net liabilities	(103,460)	(83,856)	(82,480)	(88,997)	(92,571)

Directors and Advisors

Chairman PM Fallon ‡

Managing Director PR Ensor ‡

Directors

The Viscount Rothermere *†

Sir Patrick Sergeant *‡§

CJF Sinclair *†‡

NF Osborn

DC Cohen

CR Brown

GB Strahan

JP Williams *§

JC Botts *†‡§

CR Jones

E Bounous

SM Brady

RT Lamont

JD Bolsover *

D Alfano

G Mueller

* non-executive

† member of the remuneration committee

‡ member of the nominations committee

§ member of the audit committee

President Sir Patrick Sergeant

Company Secretary CR Jones

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Internet Sites

*Euromoney
Institutional Investor
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