

G E Publishing Limited

Report and Financial Statements

Year Ended

31 December 2009

Company no 2056979

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G E Publishing Limited

Report and financial statements for the year ended 31 December 2009

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Directors

P L Edwards
E C P Glaze
P A Costick

Secretary and Registered Office

P A Costick, 55 Baker Street, London, W1U 7EU

Company number

2056979

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

G E Publishing Limited

Report of the directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year

The directors paid a final ordinary dividend of £nil (2008 - £Nil)

Principal activities, trading review and future developments

The principal activity of the company is the research and development and publishing of magazines and partworks, together with the provision of management/group services to other group companies for which recharges are raised. The company has not received any revenue during the year

Directors

The directors of the company during the year were

P L Edwards
E C P Glaze
P A Costick

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

G E Publishing Limited

Report of the directors for the year ended 31 December 2009 (*continued*)

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their right under the Companies Act 2006 to prevent their re-appointment.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the board



P L Edwards
Director

Date 29TH SEPTEMBER 2010

G E Publishing Limited

Independent auditor's report

To the shareholders of G E Publishing Limited

We have audited the financial statements of G E Publishing Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

G E Publishing Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

BDO Ltd

*Nicholas Taylor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom*

Date *30/9/2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

G E Publishing Limited

Profit and loss account for the year ended 31 December 2009

| | Note | 2009 £ | 2008 £ |
|--|------|--------------------|-------------|
| Turnover | 2 | - | - |
| Administrative expenses | | (1,968,554) | (1,697,525) |
| Operating loss | | (1,968,554) | (1,697,525) |
| Income from shares in group companies | | - | 1,539,719 |
| Interest receivable | | 13 | 1,456 |
| Interest payable and similar charges | | (2,615) | (2,474) |
| Loss on ordinary activities before taxation | 3 | (1,971,156) | (158,824) |
| Taxation | 6 | - | (80,428) |
| Loss on ordinary activities after taxation | | (1,971,156) | (239,252) |

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements


G E Publishing Limited

Balance sheet at 31 December 2009

| <i>Company no. 2056979</i> | Note | 2009 £ | 2009 £ | 2008 £ | 2008 £ |
|---|-------------|--------------------|--------------------|--------------------|-------------------|
| Fixed assets | | | | | |
| Investments | 7 | | 28,724 | | 28,724 |
| Current assets | | | | | |
| Debtors | 8 | 1,570,657 | | 1,534,845 | |
| Cash at bank and in hand | | 15,853 | | 34,027 | |
| | | <u>1,586,510</u> | | <u>1,568,872</u> | |
| Creditors: amounts falling due within one year | 9 | (3,808,458) | | (1,819,664) | |
| Net current liabilities | | | (2,221,948) | | (250,792) |
| Total assets less current liabilities | | | (2,193,224) | | (222,068) |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 1,000 | | 1,000 |
| Profit and loss account | 11 | | (2,194,224) | | (223,068) |
| Shareholders' funds - equity | 12 | | (2,193,224) | | (222,068) |

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

The financial statements were approved by the Board and authorised for issue on 29TH SEPTEMBER 2010


P L Edwards
Director

The notes on pages 7 to 13 form part of these financial statements

G E Publishing Limited

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of Section 398 of the Companies Act 2006 as the group it heads qualifies as a 'small sized' group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been drawn up on a going concern basis on the assumption that the company will continue to receive the support of G E Fabbri Limited, its associate, for the foreseeable future.

These financial statements do not include any adjustment that would result if the support of G E Fabbri Limited were withdrawn.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Management fees and group recharges are accounted for as items are invoiced and included in turnover.

Deferred taxation

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Leases are treated as 'operating leases' when the leasing agreement does not give rights approximating to ownership. Their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Investments

Investments are valued at cost less any provisions for impairment.

Dividends

Equity dividends are recognised when they become legally payable.

Pension costs

Contributions made to employees' personal pension schemes are charged to the profit and loss account at the agreed rate.

G E Publishing Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 *(continued)*

1 Accounting policies *(continued)*

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred
Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates
Any differences are taken to the profit and loss account

2 Turnover

Turnover arises solely within the United Kingdom

3 Loss on ordinary activities before taxation

| | 2009 £ | 2008 £ |
|-------------------------------------|-----------|-----------|
| This is arrived at after (debiting) | | |
| Audit fees | 12,000 | 10,000 |
| | <hr/> | <hr/> |

4 Directors remuneration

No directors received any emoluments during the period

G E Publishing Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*continued*)

6 Taxation on profit on ordinary activities

| | 2009 £ | 2009 £ | 2008 £ | 2008 £ |
|---|-------------------|-------------------|-------------------|-------------------|
| <i>Corporation tax</i> | | | | |
| Current tax on losses for the year | - | | 80,428 | |
| Overseas tax relieved | - | | - | |
| Overseas tax suffered | - | | - | |
| | <u> </u> | | <u> </u> | |
| Total current tax | | - | | 80,428 |
| <i>Deferred tax</i> | | | | |
| Origination and reversal of timing differences relating to share of Associate | | - | | - |
| <i>Other tax</i> | | | | |
| Current share of joint ventures tax charge | - | | - | |
| Adjustment in respect of prior year share of joint ventures tax charge | - | | - | |
| | <u> </u> | | <u> </u> | |
| | | - | | - |
| | | <u> </u> | | <u> </u> |
| Taxation on loss on ordinary activities | | - | | 80,428 |
| | | <u> </u> | | <u> </u> |

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

| | 2009 £ | 2008 £ |
|---|-------------------|-------------------|
| Loss on ordinary activities before tax | (1,971,156) | (158,824) |
| | <u> </u> | <u> </u> |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 28.5%) | (551,924) | (45,265) |
| Effect of | | |
| Difference in tax rate/small companies relief | - | (4,997) |
| Losses carried forward | 7,334 | - |
| Share of JVC's income/(losses) | - | - |
| Expenses not deductible for tax purposes | 13,544 | 485,592 |
| Intercompany balance write off | 531,046 | - |
| Non taxable income | - | (418,095) |
| Double tax relief | - | (9,449) |
| Movement on provisions | - | (3,861) |
| Overseas tax suffered | - | 76,503 |
| | <u> </u> | <u> </u> |
| Current tax charge for the year | - | 80,428 |
| | <u> </u> | <u> </u> |

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988

G E Publishing Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

7 Fixed asset investments

The following were subsidiary and associated undertakings at the end of the year

| Name of company | Proportion of ordinary share capital held by company | Country of incorporation | Nature of business |
|---------------------------------|--|--------------------------|---|
| G E Magazines Limited | 100% | Great Britain | Production of editorial copy and layouts |
| Inspirations Publishing Limited | 100% | Great Britain | Dormant |
| G E Fabbri Limited | 48.9% | Great Britain | Production and sale of partwork magazines |
| Fabbri Publishing Limited | 48.9%* | Great Britain | Production and sale of partwork magazines |
| G E Fabbri Phoenix sp z o o | 32.8%* | Poland | Publisher of partworks |
| G E Fabbri Editions (Ukraine) | 100%* | Ukraine | Publisher of partworks |
| G E Fabbri Editions (Russia) | 100%* | Russia | Publisher of partworks |

*Held by G E Fabbri Limited, an associated undertaking

| | Subsidiary undertakings £ | Associated undertakings £ | Total £ |
|---|------------------------------|------------------------------|------------|
| <i>Cost</i> | | | |
| At 1 January 2009 and at 31 December 2009 | 800,002 | 28,722 | 828,724 |
| <i>Provision</i> | | | |
| At 1 January 2009 and at 31 December 2009 | 800,000 | - | 800,000 |
| <i>Net book value</i> | | | |
| At 31 December 2008 and at 31 December 2009 | 2 | 28,722 | 28,724 |

G E Publishing Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (continued)

7 Fixed asset investments (continued)

Subsidiaries

The principal undertakings in which the company's interest at the year end is 50% or more is as follows

| Name | Class of Share capital held | Proportion of share capital held | Nature of business | |
|---------------------------------|--------------------------------|---|---------------------|-------------------------------|
| G E Magazines Limited | £1 ordinary | 100% | Magazine publishing | |
| Inspirations Publishing Limited | £1 ordinary | 100% | Dormant | |
| | | Aggregate share capital and reserves | | (Loss)/profit for the year |
| | | 2009 | 2008 | 2009 |
| | | £ | £ | £ |
| G E Magazines Limited | | (4,564,030) | (4,530,450) | (33,380) |
| Inspirations Publishing Limited | | 2 | 2 | - |

Associates

The principal undertaking in which the company's interest at the year end is 20% or more is as follows

| Name | Class of Share capital held | Proportion of share capital held | Nature of business | |
|--------------------|---|---|---------------------|---|
| GE Fabbri Limited | £1 ordinary, £1 preference 'B', £1 preference 'A' shares | 48.9% | Magazine publishing | |
| | | Aggregate share capital and reserves | | Profits before taxation for the year |
| | | 2009 | 2008 restated | 2009 |
| | | £ | £ | £ |
| G E Fabbri Limited | | 11,192,000 | 11,544,000 | 2,064,000 |

G E Publishing Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 *(continued)*

8 Debtors

| | 2009 £ | 2008 £ |
|--|------------------|------------------|
| Amounts due from associated undertakings | 67,012 | 37,424 |
| Other debtors | 36,645 | 30,421 |
| Dividend receivable | 1,467,000 | 1,467,000 |
| | <u>1,570,657</u> | <u>1,534,845</u> |

All amounts shown above fall due for payment within one year

Amounts due from the subsidiary undertakings in 2009 were £8,228,922 (2008 - £6,332,342) This amount has been provided in full due to the current position of GE Magazines Limited

9 Creditors' amounts falling due within one year

| | 2009 £ | 2008 £ |
|--|------------------|------------------|
| Amounts due to associated undertakings | 3,505,082 | 1,555,479 |
| Taxation and social security | 235,983 | 142,342 |
| Accruals and deferred income | 8,576 | 43,124 |
| Other creditors | 58,817 | 74,794 |
| Corporation tax | - | 3,925 |
| | <u>3,808,458</u> | <u>1,819,664</u> |

10 Called up share capital

| | 2009 £ | 2008 £ |
|--|--------------|--------------|
| <i>Authorised, allotted and fully paid</i> Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

G E Publishing Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 *(continued)*

11 Reserves

| | Profit and loss account £ |
|---------------------|------------------------------------|
| At 1 January 2009 | (223,068) |
| Loss for the year | (1,971,156) |
| | <hr/> |
| At 31 December 2009 | (2,194,224) |
| | <hr/> |

12 Reconciliation of movements in shareholders' funds

| | 2009 £ | 2008 £ |
|-----------------------------|--------------------|-----------|
| Loss for the year | (1,971,156) | (239,252) |
| Opening shareholders' funds | (222,068) | 17,184 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | (2,193,224) | (222,068) |
| | <hr/> | <hr/> |

13 Related party transactions

At the year end a net amount of £1,657,616 (2008 – £1,518,055) was due to G E Fabbri Limited

As at the year end, the company was owed £8,228,922 (2008 - £6,332,342) from GE Magazines This amount has been fully provided for based on the estimated recoverability of this debtor