

**DENNIS PUBLISHING (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002**



DENNIS PUBLISHING (UK) LIMITED

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DENNIS PUBLISHING (UK) LIMITED

COMPANY INFORMATION

Directors:	F. Dennis (Chairman) A.J. Ramsay I.G.H. Leggett FCA(NZ) CA ACIS
Secretary:	I.G.H. Leggett FCA(NZ) CA ACIS
Auditors:	Bright Grahame Murray 124-130 Seymour Place London W1H 1BG
Bankers:	HSBC Republic Bank (UK) Limited 31 Hill Street London W1J 5LS Barclays Bank Plc 27 Soho Square London W1A 4WA
Solicitors:	Messrs. Simons Muirhead and Burton 50 Broadwick Street London W1V 1FF
Registered Office:	30 Cleveland Street London W1P 5FF
Company Number:	3870844

DENNIS PUBLISHING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2002

The Directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31st December 2002.

1. Activities

The Group is engaged in the publication, promotion and sale of magazines, periodicals, posters, trade shows, and mail order merchandise and web site publishing.

2. Review of Developments

Results and Dividends

The results for the year are set out on page 7 of these financial statements.

Although 2002 was a tough period for the Group the Directors report a significantly improved performance resulting from a reappraisal and redirection of certain of its activities.

The Group has continued to invest in all its magazine titles. Throughout 2002 the Group has expended continued effort in a shrinking advertising market whilst maintaining its new-stand copy sales, subscription copy sales and advertising incomes across its portfolio of magazines. The investment made by the Group has further entrenched the Group's position as a market leader in the computer magazine and men's lifestyle magazine arenas.

The Group has continued to expand its Web site activities to create very active and high traffic generating portal web based magazines.

The 77% interest in the company The Week has continued to show excellent results and the Group is reflecting the maturing position of the weekly magazine "The Week.

The sale of the contract magazine business Dennis & Beyond Limited was successfully completed as has been the disposal of its shareholding in Moneyweek Limited. At the same time as disposing of its interest in Moneyweek the group also surrendered its management of that business. The losses arising from the investment in Moneyweek are reflected in the Group's results.

Financial Position

The Directors are satisfied with the results for the year and the state of affairs of the Company and Group at the balance sheet date, both of which have been further strengthened in the period.

The directors do not recommend the payment of a dividend.

3. Future Prospects

The directors are optimistic about the long-term prospects for continued growth in turnover of the Group. A significant expansion of the Group's activities is planned for 2003 with a number of acquisition targets identified. These expanded activities will bring about an appropriate revitalisation of the Group's magazine portfolio.

DENNIS PUBLISHING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2002

The directors will continue to focus the business on areas they consider will generate long-term profitability.

4. Directors and Their Interests

The only director who had a beneficial interest in the share capital of the company was as follows:-

	<i>At 31st December 2002 Ordinary shares of £1 each</i>	<i>At 31st December 2001 Ordinary shares of £1 each</i>
F. Dennis	599,988	599,988

5. Employees

All employees receive equal opportunities for training and career development. The sole criterion to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped, or disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

6. Charitable donations.

During the year, the group made various charitable donations totalling £7,068 (2001 £5,955).

7. Post Balance Sheet Events

Subsequent to the year end, the Group acquired the entire issued share capital of I Feel Good (Holdings) Limited PLC ("IFG"). In July 2003 IFG de-listed from the AIM market.

8. Directors' Responsibilities for the Financial Statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

DENNIS PUBLISHING (UK) LIMITED

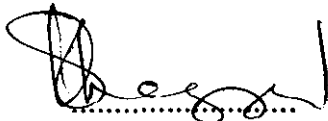
DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2002

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9. Auditors

A resolution to re-appoint Messrs. Bright Grahame Murray, Chartered Accountants of 124/130 Seymour Place, London W1H 1BG, as auditors to the Company will be proposed at the Annual General Meeting.

Signed on behalf of the directors



Secretary

Approved by the directors on 28 October 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

DENNIS PUBLISHING (UK) LIMITED

We have audited the financial statements of Dennis Publishing (UK) Limited for the year ended 31st December 2002 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respect responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 to you 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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DENNIS PUBLISHING (UK) LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the affairs of the Company and of the Group as at 31st December 2002 and of the Group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bright Grahame Murray
Chartered Accountants
and Registered Auditors
124/130 Seymour Place
London
W1H 1BG

Date: 30th October 2003

DENNIS PUBLISHING (UK) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2002

	Notes	2002	2001
		£	£
TURNOVER	2		
Continuing		52,103,138	54,735,255
Discontinued operations		-	1,188,627
		52,103,138	55,923,882
Cost of sales	3	(27,319,868)	(32,469,122)
Gross profit		24,783,270	23,454,760
Net operating expenses	3	(24,492,979)	(26,017,099)
OPERATING PROFIT/(LOSS)	4		
Continuing		290,291	(2,332,990)
Discontinued operations		-	(229,349)
OPERATING PROFIT/(LOSS)		290,291	(2,562,339)
Share of operating profit/(loss) of associated undertaking	13(a)	27,659	(23,715)
Provision for loss on operations to be discontinued		-	(24,233)
(Loss)/profit on disposal of fixed asset investments		(418,006)	273,249
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(100,056)	(2,337,038)
Interest receivable		755,077	69,325
Interest payable	7	(153,385)	(105,692)
		601,692	(36,367)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		501,636	(2,373,405)
Tax on profit/(loss) on ordinary activities	8	(129,525)	348,384
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		372,111	(2,025,021)
Minority interests - equity	9	(168,120)	(192,605)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		203,991	(2,217,626)
Dividends	10	-	-
PROFIT/(LOSS) FOR THE YEAR	22	203,991	(2,217,626)

There were no recognised gains and losses for 2002 or 2001 other than those included in the profit and loss account.

The notes on pages 11 to 29 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED

GROUP BALANCE SHEET AT 31ST DECEMBER 2002

	Notes	2002		2001	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		4,961,499		5,596,723
Tangible assets	12		2,865,773		3,414,391
Investments	13		<u>500,000</u>		<u>200,000</u>
			8,327,272		9,211,114
CURRENT ASSETS					
Stocks	14	-		51,346	
Current asset investments	15	-		500,000	
Debtors	16	15,005,965		15,033,093	
Cash at bank and in hand		<u>3,334,800</u>		<u>820,975</u>	
		18,340,765		16,405,414	
CREDITORS: amounts falling due within one year	17	<u>17,583,446</u>		<u>17,151,061</u>	
NET CURRENT ASSETS/ (LIABILITIES)			<u>757,319</u>		<u>(745,647)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,084,591		8,465,467
CREDITORS: amounts falling due after more than one year	18	1,263,613		1,035,332	
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>237,787</u>		<u>219,055</u>	
			1,501,400		1,254,387
			7,583,191		7,211,080
CAPITAL AND RESERVES					
Called up share capital	21		600,000		600,000
Reserves	22		<u>6,604,469</u>		<u>6,400,478</u>
SHAREHOLDERS' FUNDS - Equity	24		7,204,469		7,000,478
Minority interests - equity			<u>378,722</u>		<u>210,602</u>
			7,583,191		7,211,080

These financial statements were approved by the directors on the 28 October 2003 and are signed on their behalf


Director


Director

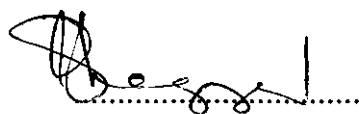
The notes on pages 11 to 29 form part of these financial statements.


DENNIS PUBLISHING (UK) LIMITED

COMPANY BALANCE SHEET AT 31ST DECEMBER 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Investments	13	600,000	600,000
		<u>600,000</u>	<u>600,000</u>
CAPITAL AND RESERVES			
Called up share capital	21	600,000	600,000
		<u>600,000</u>	<u>600,000</u>
SHAREHOLDERS' FUNDS - Equity	24	<u>600,000</u>	<u>600,000</u>

These financial statements were approved by the directors on the 28th Oct 2003 and are signed on their behalf by:


.....
Director


.....
Director

The notes on pages 11 to 29 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

	Notes	2002 £	2001 £
NET CASH FLOW FROM OPERATING ACTIVITIES	25	894,918	(2,057,602)
Returns on investment and servicing of finance	26	601,692	(36,367)
Taxation	26	-	(315,798)
Capital expenditure	26	<u>(52,983)</u>	<u>(1,831,737)</u>
		1,443,627	(4,241,504)
Acquisitions and disposals	26	-	(1,675,482)
Equity dividends paid		<u>-</u>	<u>-</u>
CASH OUTFLOW BEFORE FINANCING		1,443,627	(5,916,986)
Financing: Decrease in debt		<u>184,846</u>	<u>250,698</u>
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u>1,628,473</u>	<u>(5,666,288)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash in the period	27	1,628,473	(5,666,288)
Cash inflow from increase in debt and leasing financing	27	<u>98,058</u>	<u>142,767</u>
Change in net funds resulting from cash flows	27	1,726,531	(5,523,521)
New finance leases	27	<u>(58,564)</u>	<u>(145,858)</u>
Movement in net funds in the period		1,667,967	(5,669,379)
Net funds at 1st January	27	<u>(958,066)</u>	<u>4,711,313</u>
NET FUNDS AT 31ST DECEMBER		<u>709,901</u>	<u>(958,066)</u>

The notes on pages 11 to 33 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of Dennis Publishing (UK) Limited and all of its subsidiary undertakings.

Undertakings, other than subsidiary undertakings, in which the group has an investment and over which it is in a position to exercise a significant influence are treated as associated undertakings. The Group financial statements include the appropriate share of the undertakings results and reserves based on audited accounts to 31st December 2002.

The subsidiaries of Dennis Publishing (UK) Limited have been accounted for under the acquisition method of accounting. On the acquisition of a business, including interest in an associated undertaking, fair values are attributable to the Group's share of net tangible assets and the purchase consideration is allocated to assets and liabilities on this basis. Where the cost of acquisition exceeds the value attributable to such net assets, the difference is treated as purchased goodwill and is capitalised. Purchased goodwill is amortised over ten years in accordance with the directors' estimate of its useful life.

No profit and loss account is presented for Dennis Publishing (UK) Limited as permitted by Section 230 of the Companies Act 1985.

Turnover

Turnover, which excludes value added tax and discounts, represents the invoiced value derived from publishing activities.

Subscriptions income is recognised in the profit and loss account as turnover on a receivable basis with that portion relating to subsequent periods included in accruals and deferred income.

Intangible fixed assets

In addition to goodwill, intangible assets comprise the historic cost of magazines and other intellectual publishing rights acquired. Such rights are capitalised only where earnings from the relevant titles are separately identifiable and the title can be sold separately from the rest of the business.

The directors estimate the useful economic life of the magazine titles and other intellectual publishing rights to be between two and eight years in the form in which they are acquired, and accordingly such costs are being amortised on this basis from the commencement of economic benefit to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Freehold property	- 2% straight line basis
Short leasehold and improvements	- 10% straight line basis
Computer equipment and software	- 20%-50% straight line basis
Furniture, fittings and equipment	- 25% straight line basis
Motor vehicles	- 25% reducing balance basis

The Group's policy is to write off the book value of each tangible fixed asset over its estimated remaining life. Reviews are made periodically of the estimated remaining lives of individual assets, taking account of technological obsolescence as well as normal wear and tear.

Investments

Fixed asset investments are stated at cost or valuation. Current asset investments are stated at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date. Provision is made for future taxation on gains on revalued assets only where a binding agreement to dispose of the asset exists at the year end. Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitment

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have been passed to the Group, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. TURNOVER AND SEGMENTAL ANALYSIS

Principal activity

The Group operates in one principal area of activity, magazine publishing.

In the analyses included in Notes 2 and 3, "discontinued operations" relate to Dennis & Beyond Limited.

Analysis of Group turnover by geographical market

	2002			
	United Kingdom £	Europe £	Other £	Total £
Sales to third parties:				
Continuing	46,145,878	4,413,678	1,543,582	52,103,138
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2001			
	United Kingdom £	Europe £	Other £	Total £
Sales to third parties:				
Continuing	49,048,006	4,222,276	1,464,973	54,735,255
Discontinued	<u>1,188,627</u>	<u>-</u>	<u>-</u>	<u>1,188,627</u>
	<u>50,236,633</u>	<u>4,222,276</u>	<u>1,464,973</u>	<u>55,923,882</u>

DENNIS PUBLISHING (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2002****3. COST OF SALES AND NET OPERATING EXPENSES**

	2002		
	Continuing Ongoing £	Discontinued £	Total £
Cost of sales	27,319,868	-	27,319,868
Net operating expenses	24,910,985	-	24,910,985
	<u> </u>	<u> </u>	<u> </u>

	2001		
	Continuing Ongoing £	Discontinued £	Total £
Cost of sales	31,690,878	778,244	32,469,122
Net operating expenses	25,377,367	639,732	26,017,099
	<u> </u>	<u> </u>	<u> </u>

4. OPERATING LOSS

	2002 £	2001 £
This is stated after charging/(crediting):		
Depreciation of owned assets	841,155	960,720
Depreciation of assets held under finance leases and hire purchase contracts	45,649	67,884
Amortisation of intangible fixed assets	635,224	958,419
Operating lease rentals – land and buildings	1,285,045	734,206
Rent receivable	-	(23,813)
Auditors' remuneration:		
- audit services – UK	78,113	83,946
- non audit services – UK	54,346	45,844
	<u> </u>	<u> </u>

The operating loss for the year ended 31st December 2001 has been arrived at after trading losses and direct closure costs of £1,620,178 in respect of magazine titles no longer published by the Group, together with a charge of £300,000 in relation to a provision for permanent impairment in value of a fixed asset investment.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

5. DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Emoluments for management services	481,366	395,522
Highest paid director:		
Emoluments for management services	250,241	231,110

The above emoluments relate to amounts received by the directors of Dennis Publishing Limited.

There were no long term incentive schemes, pension arrangements or any other benefits requiring disclosure relating to any of the directors during the financial year or preceding year.

6. STAFF COSTS (including directors)

	2002 £	2001 £
Wages and salaries	11,115,521	11,771,913
Social security costs	1,238,702	1,157,004
Pension contributions	93,711	-
	12,447,934	12,928,917
Average monthly number of employees during the year	2002 No.	2001 No.
Administration and editorial	286	262
Sales and distribution	70	71
	356	333

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

7. INTEREST PAYABLE

	2002 £	2001 £
Bank loans and overdrafts	(90,641)	(55,114)
Other interest	(50,942)	(34,888)
Finance charges payable under finance lease and hire purchase contracts	<u>(11,802)</u>	<u>(15,690)</u>
	<u>(153,385)</u>	<u>(105,692)</u>

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
(a) <i>Current taxation:</i>		
UK Corporation tax charge for the year	147,105	-
Adjustments in respect of prior periods	<u>(36,704)</u>	<u>(366,370)</u>
	110,401	(366,370)
Overseas taxation	<u>19,124</u>	<u>17,986</u>
Total current tax	129,525	(348,384)
Deferred taxation	<u>-</u>	<u>-</u>
Tax on profits on ordinary activities	<u>129,525</u>	<u>(348,384)</u>

Adoption of FRS 19 has required a change in the method of accounting for deferred tax. As a result the comparative figure for the tax on loss on ordinary activities for 2001 remains unchanged.

(b) *Factors affecting taxation charge/(credit) for the period*

The standard rate of tax for the year, based on the UK standard rate of Corporation Tax is 30%. The actual charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:-

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	501,636	(2,373,405)
Tax on profit on ordinary activities at standard rate	150,491	(712,022)
<i>Factors affecting the charge for the period</i>		
Capital allowances for the period in excess of depreciation	(81,822)	(32,738)
Utilisation of tax losses	(126,787)	112,960
Other timing differences	(39,903)	432,757
Expenses not deductible for tax purposes	211,013	469,043
Foreign tax charged	19,124	17,986
Chargeable gains	34,113	-
Non taxable UK source dividend	-	(270,000)
Adjustments to tax charge in respect of prior periods	(36,704)	(366,370)
Total actual amount of current tax	129,525	(348,384)

(c) *Factors that may affect future taxation charges*

Deferred taxation assets have not been recognised in respect to certain timing differences relating to revenue losses. The amount of assets not recognised is approximately £295,000.

9. MINORITY INTERESTS - EQUITY

	2002 £	2001 £
Minority interest in the results for the year	(168,120)	(199,714)
Reversal of provisions made in prior periods' in respect of minorities' share of subsidiaries' trading losses	-	7,109
	(168,120)	(192,605)

10. DIVIDENDS

	2002 £	2001 £
Dividends on ordinary shares	-	-

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

11. INTANGIBLE FIXED ASSETS

GROUP

	Goodwill arising on consolidation £	Magazine and other Intellectual Publishing Rights £	Total £
Cost:			
At 1st January 2002 and 31st December 2002	3,442,817	7,687,600	11,130,417
Amortisation:			
At 1st January 2002	732,047	4,801,647	5,533,694
Provided during the year	<u>344,282</u>	<u>290,942</u>	<u>635,224</u>
At 31st December 2002	<u>1,076,329</u>	<u>5,092,589</u>	<u>6,168,918</u>
Net book value:			
At 31st December 2002	<u>2,366,488</u>	<u>2,595,011</u>	<u>4,961,499</u>
<i>At 31st December 2001</i>	<u>2,710,770</u>	<u>2,885,953</u>	<u>5,596,723</u>

Goodwill arising on consolidation resulted from the difference between the fair value of assets acquired in The Week Limited and Evo Publications Limited, and the fair value of consideration.

All intangible assets are being amortised on a straight line basis over periods of between five and ten years, such periods in the opinion of the directors, representing prudent estimates of their useful economic benefit to the Group.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

12. TANGIBLE FIXED ASSETS

GROUP

	Freehold land and buildings £	Short leaseholds and improvements £	Plant and Machinery £	Total £
Cost:				
At 1st January 2002	249,366	892,929	5,200,967	6,343,262
Additions	-	91,775	379,623	471,398
Disposals	-	-	(296,692)	(296,692)
At 31st December 2002	249,366	984,704	5,283,898	6,517,968
Depreciation:				
At 1st January 2002	51,747	136,557	2,740,567	2,928,871
Charge for the year	4,987	95,800	786,017	886,804
Disposals	-	-	(163,480)	(163,480)
At 31st December 2002	56,734	232,357	3,363,104	3,652,195
Net book value:				
At 31st December 2002	192,632	752,347	1,920,794	2,865,773
At 31st December 2001	197,619	756,372	2,460,400	3,414,391

Plant and machinery includes computer equipment, fixtures and fittings and motor vehicles.

	2002 £	2001 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	186,921	246,013

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

13. FIXED ASSET INVESTMENTS

(a) GROUP

	Shares in associated undertaking (i) £	Other Fixed asset Investment (ii) £	Total £
At cost or valuation:			
At 1st January 2002	12,000	500,000	512,000
Disposals	-	(500,000)	(500,000)
Reclassification (iii)	-	500,000	500,000
At 31st December 2002	12,000	500,000	512,000
Amounts provided:			
At 1st January 2002	12,000	300,000	312,000
Disposals	-	(300,000)	(300,000)
At 31st December 2002	12,000	-	12,000
Written down value:			
At 31st December 2002	-	500,000	500,000
At 31st December 2001	-	200,000	200,000

- (i) The shares in associated undertaking represents a 60% holding in the equity share capital of Worldwide Magazine Marketplace Limited, details of which are disclosed in Note 13(c) below.

Worldwide Magazine Marketplace Limited has not been accounted for as a subsidiary undertaking in the consolidated financial statements as in the opinion of the directors and in accordance with an agreement between its shareholders, the Group does not exercise control over this undertaking.

The Group does, however, exercise significant influence over Worldwide Magazine Marketplace Limited and as such the equity basis of accounting has been adopted in preparing these consolidated financial statements.

The Group's share of the retained profit of the Worldwide Magazine Marketplace Limited for the year ended 31st December 2002 was £27,659 (2001: loss of £23,715) and at 31st December 2002, its share of the company's net assets was £3,269 (2001: net liabilities of £24,425).

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

13. FIXED ASSET INVESTMENTS (continued)

(ii) The other fixed asset investment disposal was an interest in 28% of the issued equity share capital and voting rights of Moneyweek Limited, a company incorporated in England and Wales, whose principal activity is magazine publishing. The Group's investment in Moneyweek Limited was disposed of during the year ended 31st December 2002.

(iii) The reclassification of other fixed asset investment is in respect of I Feel Good (Holdings) PLC. This investment has been reclassified from current assets as the Group acquired the entire issued share capital of this company subsequent to the year end.

(b) COMPANY

At cost:

**Shares in
subsidiary
undertakings**
£

At 31st December 2002 and 31st December 2001

600,000

(c) At 31st December 2002 the Company held 20% or more of the share capital of the following companies, all of whom have prepared financial statements made up to that date.

Name of company	Shares held class	Proportion of voting rights and shares held	Nature of Business
Dennis Publishing Limited	Ordinary	100%	Publishers
Dennis Oneshots Limited*	Ordinary	100%	Publishers
Dennis Lifestyle Limited*	Ordinary	100%	Publishers
Evo Publications Limited*	Ordinary	75%	Publishing
Worldwide Magazine Marketplace Limited**	Ordinary	60%	Publishing and service activities
Dennis Customer Publishing Limited*	Ordinary	100%	Publishers
Dennis & Beyond Limited*	Ordinary	81%	Publishers
The Week Limited*	Ordinary	77%	Publishers
Its in the Bag Limited*	Ordinary	100%	Dormant
Subsnet Limited*	Ordinary	100%	Dormant
Dennis Oneshots Export Limited*	Ordinary	100%	Dormant
Beyond Communications Limited*	Ordinary	100%	Dormant
Choice Publishers Limited*	Ordinary	100%	Dormant
Bunch Partworks Limited*	Ordinary	100%	Dormant
Dennis Interactive Limited*	Ordinary	100%	Dormant
Dennis Business Publishing Limited*	Ordinary	100%	Dormant

*Held by a subsidiary undertaking

**See Note 13(a).

All of the above mentioned companies are incorporated in England and Wales.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

14. STOCKS

	Group	
	2002	2001
	£	£
Paper and consumables	-	51,346

15. INVESTMENTS HELD AS CURRENT ASSETS

	Group	
	2002	2001
	£	£
Investment – Listed on UK stock exchange	500,000	500,000
Reclassification to fixed assets	(500,000)	-
Reclassification from fixed assets	-	-
	-	500,000
Market value of listed investment		483,173

The investment reclassified from fixed assets represents a debenture loan in The Week Limited.

Following the acquisition of I Feel Good (Holdings) PLC subsequent to the year end, the investment previously held as a current asset has been reclassified as a long term investment within fixed assets

16. DEBTORS

	Group	
	2002	2001
	£	£
Trade debtors	4,564,654	5,557,427
Amounts owed by group undertakings	-	-
Other debtors	6,884,497	7,693,422
Taxation recoverable	7,991	15,718
Prepayments and accrued income	3,548,823	1,766,526
	15,005,965	15,033,093
Amounts due after more than one year included in:		
Other debtors	6,075,886	5,296,891

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

17. CREDITORS: amounts falling due within one year

	Group	
	2002	2001
	£	£
Bank loans and overdrafts (Note 29)	2,536,236	1,650,883
Obligations under finance lease and hire purchase contracts	67,137	112,655
Trade creditors	7,462,913	8,016,207
Amounts owed to group undertakings	-	-
Corporation tax	147,105	-
Other taxes and social security costs	377,960	418,205
Other creditors	667,253	674,472
Accruals and deferred income	<u>6,324,842</u>	<u>6,278,639</u>
	<u>17,583,446</u>	<u>17,151,061</u>

18. CREDITORS: amounts falling due after more than one year

	Group	
	2002	2001
	£	£
Obligations under finance lease and hire purchase contracts	21,527	15,503
Director's loan account (see below)	721,567	438,663
Other creditors	299,420	339,420
Accruals and deferred income	<u>221,099</u>	<u>241,746</u>
	<u>1,263,613</u>	<u>1,035,332</u>

A director, Mr. Felix Dennis has provided Dennis Publishing Limited with a loan which is secured over all of the company's assets by way of a floating charge. The loan is interest free, with no fixed terms for repayment.

19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Group	
	2002	2001
	£	£
<i>Amounts payable:</i>		
Within one year	67,137	112,655
Within one to two years	<u>21,527</u>	<u>15,503</u>
	<u>88,664</u>	<u>128,158</u>

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

20. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP

STAFF SABBATICAL PROVISION	2002 £
At 1st January	219,055
Arising during the year	135,423
Utilised	<u>(116,691)</u>
At 31st December	<u>237,787</u>

All employees are entitled to paid sabbatical leave after five years full service. This provision reflects the amount likely to be paid to employees becoming eligible for the scheme in the foreseeable future. The exact amount to be paid is reliant upon employees meeting the criteria of five years service.

21. SHARE CAPITAL

	2002 £	2001 £
Authorised		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
600,000 ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>

22. RESERVES

(a) GROUP

	Profit and loss account £	Share premium account £	Other reserves £	Total £
At 1st January 2002	(1,022,770)	5,850,000	1,573,248	6,400,478
Profit for the year	<u>203,991</u>	<u>-</u>	<u>-</u>	<u>203,991</u>
At 31st December 2002	<u>(818,779)</u>	<u>5,850,000</u>	<u>1,573,248</u>	<u>6,604,469</u>

23. PROFIT AND LOSS ACCOUNT

The Company did not trade during the year and as a consequence, no profit and loss accounts is prepared.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
At 1st January	7,000,478	9,218,104	600,000	600,000
Profit/(loss) for the financial year	<u>203,991</u>	<u>(2,217,626)</u>	<u>-</u>	<u>-</u>
At 31st December	<u>7,204,469</u>	<u>7,000,478</u>	<u>600,000</u>	<u>600,000</u>

25. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2002	2001
	£	£
Operating loss	(127,715)	(2,562,339)
Depreciation and amortisation charges	1,522,027	1,987,023
Increase in provisions	18,732	300,000
(Profit)/loss on sale of tangible fixed assets	44,799	(3,838)
Decrease/(increase) in stocks	51,346	475,241
(Increase)/decrease in debtors	22,846	(825,505)
Decrease in creditors	<u>(637,117)</u>	<u>(1,428,184)</u>
	<u>894,918</u>	<u>(2,057,602)</u>

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

Returns on investments and servicing of finance

	2002	2001
	£	£
Interest received	755,077	69,325
Interest paid	(141,487)	(90,002)
Interest element of finance lease and hire purchase payments	<u>(11,898)</u>	<u>(15,690)</u>
	<u>601,692</u>	<u>(36,367)</u>

Taxation

UK corporation tax paid	-	(315,798)
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DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

Capital expenditure

	2002 £	2001 £
Payments to acquire intangible fixed assets	-	(827,600)
Payments to acquire tangible fixed assets	(471,397)	(660,745)
Payments to acquire fixed asset investments	-	(500,000)
Payment to acquire current asset investment	-	-
Receipts from sales of tangible fixed assets	88,414	156,608
Receipts from sales of fixed asset investments	<u>330,000</u>	<u>-</u>
	<u>(52,983)</u>	<u>(1,831,737)</u>

Acquisitions and disposals

Cash consideration	-	1,000,000
Acquisition expenses	-	30,000
Bank borrowings acquired	<u>-</u>	<u>84,159</u>
Net cash outflow in respect of the acquisition of Evo Publications Limited	-	1,114,159
Acquisition of other fixed asset investments	<u>-</u>	<u>561,323</u>
Total cash outflow in respect of acquisition	<u>-</u>	<u>1,675,482</u>

Financing

Capital element of finance lease rental Payments	(98,058)	(157,720)
Increase/(decrease) in director's loan	<u>282,904</u>	<u>408,418</u>
	<u>184,846</u>	<u>250,698</u>

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1st January 2002 £	Cash flow £	Non cash changes £	At 31st December 2002 £
Cash at bank and in hand	(829,908)	1,628,473	-	798,565
Finance leases	<u>(128,158)</u>	<u>98,058</u>	<u>(58,564)</u>	<u>(88,664)</u>
Total	<u>(958,066)</u>	<u>1,726,531</u>	<u>(58,564)</u>	<u>709,901</u>

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

27. ANALYSIS OF CHANGES IN NET DEBT (continued)

Major Non-Cash Transactions

During the year the Group entered into finance lease and hire purchase arrangements in respect of fixed assets with a total capital value at the inception of these arrangements of £58,564 (2001: £145,858).

28. OTHER FINANCIAL COMMITMENTS

At the year end the Group had annual commitments under non-cancellable operating leases as set out below:-

	Land and buildings	
	2002	2001
	£	£
Operating leases which expire:		
Within one year	26,125	178,321
Between two and five years	110,500	78,000
After more than five years	<u>1,287,082</u>	<u>1,210,082</u>
	<u>1,423,707</u>	<u>1,466,403</u>

29. CONTINGENT LIABILITIES

The Group's bank borrowings are secured by way of fixed and floating charges over certain of the Group's assets.

30. TRANSACTIONS WITH DIRECTORS

Mr. Felix Dennis, the chairman and controlling shareholder of the parent Company and Group, owns the copyright to certain of the Group's magazines and has licensed the publication rights of these to the Group. In accordance with a copyright agreement between certain Group companies and Mr. Dennis, copyright royalties amounting to £744,680 (2001: £744,167) were paid to Mr. Dennis by the Group in respect of the year ended 31st December 2002.

31. RELATED PARTIES

During the year the Group entered into transactions, at arms length prices, with the following companies in which Mr. Dennis has or had a material interest as shareholder: Dennis Publishing Inc.; Seymour Distribution Limited; Dennis Holdings Limited; Customer Interface Limited; Worldwide Magazine Marketplace Limited; Moneyweek Limited and Dennis Interactive Inc.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

31. RELATED PARTIES (continued)

During the year Dennis Publishing Limited recharged at cost, expenditure incurred on behalf of certain of the above companies totalling £2,773,868.

During the year the Group made copy sales in the ordinary course of business and on an arms length basis totalling £15,373,485 to Seymour Distribution Limited.

Subscription bureau charges of £1,029,203 were made by Customer Interface Limited to the Group.

The total amounts due from and owed to these related parties by the Group at 31st December 2002 were as follows:-

	£
Included within trade debtors:	
Seymour Distribution Limited	704,448
	<u> </u>
Included with accrued income:	
Seymour Distribution Limited	126,186
	<u> </u>
Included within other debtors:	
Dennis Publishing Inc.	6,215,523
Customer Interface Limited	56,536
Worldwide Magazine Marketplace Limited	7,609
	<u> </u>
Included within trade creditors:	
Customer Interface Limited	347,339
	<u> </u>
Included within other creditors:	
Dennis Holdings Limited	550,001
	<u> </u>

The company has taken advantage of the exemption not to disclose transactions with group companies.

32. POST BALANCE SHEET EVENTS

Subsequent to the year end the Group acquired the entire issued share capital of I Feel Good (Holdings) PLC ("IFG"). In July 2003 IFG de-listed from the AIM market.

DENNIS PUBLISHING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2002

33. CONTROLLING PARTY

The ultimate controlling party is Mr. Felix Dennis. Dennis Publishing Limited is the smallest Group in which the results of that company and its subsidiaries are consolidated. The largest Group in which the results of the Company and its subsidiaries are consolidated is Dennis Publishing (UK) Limited. Copies of the financial statements of Dennis Publishing (UK) Limited may be obtained from the company's registered office.