

COMPANIES
HOUSE

3870844

DENNIS PUBLISHING (UK) LIMITED

REPORT AND ACCOUNTS

31ST DECEMBER 2001



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

Royal Bank of Scotland Plc
49 Charing Cross
Admiralty Arch
London
SW1A 2DX

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

The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31st December, 2001.

1. ACTIVITIES

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

2. REVIEW OF DEVELOPMENTS

Results and Dividends

The results of the year are set out on page 8 of these financial statements.

2001 has been a tough period for the Group especially on the Newstand and in terms of advertising revenues. However the Group has maintained its investment in its titles including subscription investment in order to maintain its circulation numbers.

The Group has continued to invest in all its magazine titles and has expanded titles during the year organically and by acquisition. The year saw the closure of PS Magazine, Dreamcast, and PC Gear Magazine with the costs of termination being taken directly to the profit and loss account for the year. Two further magazines, Shape and Men's Fitness, were launched under licence and are being closely managed and monitored by the Group with the expectation that these will both be a success.

Computer & Video Games Magazine was acquired alongside The Player. These are both regarded as important complements to the Gaming Portal launched by the Group during the year.

The Group has during the period consolidated its activities and has decided in this process to sell the business of Dennis & Beyond: this sale to a third party publisher was completed in January 2002. The purchase of further shares in The Week Limited occurred at the same time as shares were taken in Money Week Limited. These companies were then left to trade alongside each other with the hope that there would be some benefit for the sharing of overhead costs. Unfortunately many of the expected savings were not realised and since the year end the investment in Money Week was disposed of.

In April the Group acquired a 75% interest in Evo Publications Limited the publisher of the enthusiast car magazine Evo. The magazine is seen as an important complement to the existing portfolio. The Group hopes to be able to apply its expertise to the magazine's circulation in order to drive up the advertising revenues.

The Group has consolidated its web-site activities with investment in three principal portal areas: AutoExpress (Car Portal); Computer & Video Games (Gaming); and Maxim (Men's Lifestyle).

The directors do not recommend the payment of a dividend.

DENNIS PUBLISHING (UK) LIMITED
DIRECTORS' REPORT

2. REVIEW OF DEVELOPMENTS (continued)

Financial position

The directors are satisfied with the results for the year and the state of affairs of the Company and the Group at the balance sheet date. The directors are looking for repayment of the loans from Dennis Publishing Inc over the next twelve months.

3. FUTURE PROSPECTS

The directors are optimistic about the long term prospects for continued growth in turnover of the Group. The directors continue to search for the new and appropriate revitalisation of its magazine portfolio. The directors will continue to focus the business on areas they consider will generate long term profitability.

4. FIXED ASSETS

The changes in fixed assets during the year are summarised in Notes 10, 11, and 12 to the financial statements. The directors have re-evaluated the useful lives of the intangible fixed assets and have as a result adjusted the remaining lives of certain of these.

5. DIRECTORS AND THEIR INTERESTS

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

	<u>At 31st December, 2001</u>	<u>At 31st December, 2000</u>
	<u>Ordinary shares of £1 each</u>	<u>Ordinary shares of £1 each</u>
F. Dennis	599,988	599,988

6. EMPLOYEES

All employees receive equal opportunities for training and career development. Handicapped and disabled people are given the same consideration as others when they apply for employment 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, career development and promotion to disabled employees wherever possible.

7. INTRODUCTION OF THE EURO

The Group undertakes transactions in a number of currencies at the present time. The Board views the Euro as another currency in which it may be required to trade and as such will take the usual steps to minimise exposure to the risk of currency fluctuations.

DENNIS PUBLISHING (UK) LIMITED
DIRECTORS' REPORT

8. POST BALANCE SHEET EVENTS

Since the year end the Group has disposed of its interest in Money Week Limited having found an appropriate acquirer who will continue to publish the magazine Money Week.

The disposal of Dennis & Beyond Limited was completed on 31st January, 2002.

9. CHARITABLE DONATIONS

During the year, the Group made various charitable donations totalling £6,804 (2000: £5,955).

10. STATEMENT OF 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.

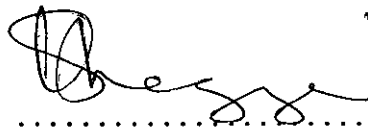
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

DENNIS PUBLISHING (UK) LIMITED
DIRECTORS' REPORT

11. 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.

By order of the Board



.....
Secretary

December 12th 2002
.....

Date

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 2001 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.

RESPECTIVE 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 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 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

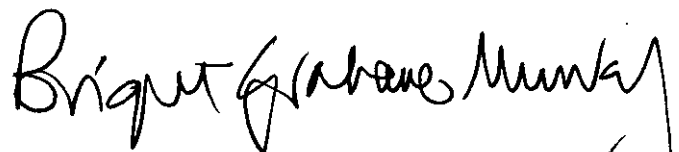
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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 group as at 31st December 2001 and of the group loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

124/130, Seymour Place,
London, W1H 1BG.
18th December, 2002


BRIGHT GRAHAME MURRAY
Chartered Accountants
and Registered Auditors

DENNIS PUBLISHING (UK) LIMITED
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2001

	Notes	2001	2000
		£	£
TURNOVER	2		
Continuing operations:			
Ongoing		53,381,675	54,978,950
Acquisitions		1,353,580	-
		<u>54,735,255</u>	<u>54,978,950</u>
Discontinued operations		1,188,627	1,103,845
GROUP TURNOVER		55,923,882	56,082,795
Cost of sales	3	<u>(32,469,122)</u>	<u>(33,087,632)</u>
Gross profit		23,454,760	22,995,163
Net operating expenses	3	<u>26,017,099</u>	<u>22,311,846</u>
OPERATING (LOSS)/PROFIT	4		
Continuing operations:			
Ongoing		(2,331,534)	815,922
Acquisitions		(1,456)	-
		<u>(2,332,990)</u>	<u>815,922</u>
Discontinued operations		(229,349)	(132,605)
GROUP OPERATING (LOSS)/PROFIT		(2,562,339)	683,317
Share of operating loss of associated undertaking	13(a)	(23,715)	(12,710)
Provision for loss on operations to be discontinued		(24,233)	-
Gain on disposal of fixed asset investment	13(c)	<u>273,249</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(2,337,038)	670,607
Interest receivable		69,325	379,348
Interest payable	7	<u>(105,692)</u>	<u>(43,565)</u>
		<u>(36,367)</u>	<u>335,783</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,373,405)	1,006,390
Tax on profit on ordinary activities	8	<u>348,384</u>	<u>(582,794)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(2,025,021)	423,596
Minority interests - equity	9	<u>(192,605)</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(2,217,626)	423,596
Dividends	10	<u>-</u>	<u>(200,000)</u>
(LOSS)/PROFIT FOR THE YEAR	22	<u>(2,217,626)</u>	<u>223,596</u>

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

The attached notes on pages 12 to 30 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED
GROUP BALANCE SHEET AT 31ST DECEMBER, 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Intangible assets	11	5,596,723	3,727,581
Tangible assets	12	3,414,391	3,702,973
Investments	13	<u>200,000</u>	<u>-</u>
		9,211,114	7,430,554
CURRENT ASSETS			
Stocks	14	51,346	526,587
Current asset investments	15	500,000	500,000
Debtors	16	15,033,093	13,803,508
Cash at bank and in hand		<u>820,975</u>	<u>4,836,380</u>
		16,405,414	19,666,475
CREDITORS: amounts falling due within one year	17	<u>17,151,061</u>	<u>17,272,909</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(745,647)</u>	<u>2,393,566</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,465,467	9,824,120
CREDITORS: amounts falling due after more than one year	18	1,035,332	380,719
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>219,055</u>	<u>225,297</u>
		<u>1,254,387</u>	<u>606,016</u>
		7,211,080	9,218,104
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	21	600,000	600,000
Reserves	22	<u>6,400,478</u>	<u>8,618,104</u>
SHAREHOLDERS' FUNDS - EQUITY	24	7,000,478	9,218,104
Minority interests - equity		<u>210,602</u>	<u>-</u>
		7,221,080	9,218,014
		=====	=====

Directors

Approved on December 12th 2002

The attached notes on pages 12 to 30 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED
COMPANY BALANCE SHEET AT 31ST DECEMBER, 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Investments	13	600,000	600,000
		_____	_____
TOTAL ASSETS LESS CURRENT LIABILITIES		600,000	600,000
		=====	=====
 CAPITAL AND RESERVES			
Called up share capital	21	600,000	600,000
		_____	_____
SHAREHOLDERS' FUNDS - EQUITY	24	600,000	600,000
		=====	=====

CAPITAL AND RESERVES

Called up share capital

SHAREHOLDERS' FUNDS - EQUITY

Directors

Approved on.

December 12th 2002

The attached notes on pages 12 to 30 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
NET CASH FLOW FROM OPERATING ACTIVITIES	25	(2,057,602)	5,368,602
Returns on investment and servicing of finance	26	(36,367)	335,783
Taxation	26	(315,798)	(1,872,208)
Capital expenditure	26	(1,831,737)	(3,345,831)
Acquisitions and disposals	26	(4,241,504)	486,346
Equity dividends paid		(1,675,482)	-
		-	(1,400,000)
CASH OUTFLOW BEFORE FINANCING		(5,916,986)	(913,654)
Financing: Decrease in debt	26	250,698	(247,390)
DECREASE IN CASH IN THE PERIOD		(5,666,288)	(1,161,044)
		=====	=====

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET FUNDS**

Decrease in cash in the period	27	(5,666,288)	(1,161,044)
Cash inflow from increase in debt and leasing financing	27	142,767	215,373
Change in net funds resulting from cash flows	27	(5,523,521)	(945,671)
New finance leases	27	(145,858)	(166,527)
Movement in net funds in the period		(5,669,379)	(1,112,198)
Net funds at 1st January	27	4,711,313	5,823,511
NET FUNDS AT 31ST DECEMBER	27	(958,066)	4,711,313
		=====	=====

The attached notes on pages 12 to 30 form part of these financial statements.

DENNIS PUBLISHING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

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 2001.

Dennis Publishing (UK) Limited and its subsidiary, Dennis Publishing Limited satisfy the requirements of the Companies Act 1985 as combining entities to use merger accounting to account for the business combination created by the group re-organisation on 10th November 1999.

On this date, Dennis Holdings Limited transferred its entire shareholding in Dennis Publishing Limited to Dennis Publishing (UK) Limited, the consideration for which was shares being issued by Dennis Publishing (UK) Limited to the shareholders of Dennis Holdings Limited. Merger accounting assumes that the combined group has always existed and no adjustment has been made for fair values, with the result that goodwill does not arise on this consolidation.

The subsidiaries of Dennis Publishing Limited have been accounted for under the acquisition method of accounting. On the acquisition of a business, including an 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 purchase goodwill and is capitalised. Purchase 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.

DENNIS PUBLISHING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

1. ACCOUNTING POLICIES (Continued)

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 five 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.

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

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

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, 2001

1. ACCOUNTING POLICIES (Continued)

LEASING AND HIRE PURCHASE COMMITMENTS

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 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, "acquisitions" refer to Evo Publications Limited (see Note 12) with "discontinued operations" referring to Dennis & Beyond Limited which, although disposed of in the year ended 31st December 2002, has been accounted for in accordance with FRS 3.

ANALYSIS OF GROUP TURNOVER BY GEOGRAPHICAL MARKET

2001				
	United Kingdom £	Europe £	Other £	Total £
Sales to third parties:				
Continuing	49,048,006	4,222,276	1,464,973	54,735,255
Discontinued	1,188,627	-	-	1,188,627
	50,236,633	4,222,276	1,464,973	55,923,882
	=====	=====	=====	=====

2000				
	United Kingdom £	Europe £	Other £	Total £
Sales to third parties:				
Continuing	49,177,026	4,307,412	1,494,512	54,978,950
Discontinued	1,103,845	-	-	1,103,845
	50,280,871	4,307,412	1,494,512	56,082,795
	=====	=====	=====	=====

DENNIS PUBLISHING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

3. COST OF SALES AND NET OPERATING EXPENSES

	2001			
	<u>Continuing</u>		<u>Dis-</u>	
	<u>Ongoing</u>	<u>Acquisitions</u>	<u>continued</u>	<u>Total</u>
	£	£	£	£
Cost of sales	30,893,199	797,679	778,244	32,469,122
Net operating expenses	24,820,010	557,357	639,732	26,017,099

=====

	2000			
	<u>Continuing</u>		<u>Dis-</u>	
	<u>Ongoing</u>	<u>Acquisitions</u>	<u>continued</u>	<u>Total</u>
	£	£	£	£
Cost of sales	32,471,025	-	616,607	33,087,632
Net operating expenses	21,781,277	-	530,569	22,311,846

=====

Net operating expenses for the year ended 31st December, 2000 were stated after profit on sale of copyrights and licenses of £2,429,465.

4. OPERATING (LOSS)/PROFIT

	2001 £	2000 £
This is stated after charging/(crediting):		
Depreciation of owned assets	960,720	587,617
Depreciation of assets held under finance		
leases and hire purchase contracts	67,884	102,812
Amortisation of intangible fixed assets	958,419	1,526,218
Operating lease rentals - Land and buildings	734,206	764,538
Rent receivable	(23,813)	(23,813)
Auditors' remuneration		
- audit services - UK	83,946	64,798
- non audit services - UK	45,844	43,918

=====

Notes:

- (i) The operating loss for the year 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 of permanent impairment in value of an investment (see Note 13(a)).
- (ii) With effect from 1st January 2001, the directors re-evaluated the useful lives of certain intangible fixed assets including goodwill arising on consolidation together with some of the Group's magazine and other intellectual publishing rights. The effect of these revisions was to reduce the group's aggregate amortisation charge for the year ended 31st December, 2001 by £872,183.

DENNIS PUBLISHING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

	<u>2001</u> £	<u>2000</u> £
5. DIRECTORS' EMOLUMENTS		
Emoluments for management services	395,522	387,896
	=====	=====

Highest paid director:

Emoluments for management services	231,110	192,380
	=====	=====

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

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

	<u>2001</u> £	<u>2000</u> £
6. STAFF COSTS (including directors)		
Wages and salaries	11,771,913	9,726,355
Social security costs	<u>1,157,004</u>	<u>1,080,487</u>
	12,928,917	10,806,842
	=====	=====

	<u>2001</u> No.	<u>2000</u> No.
Average monthly number of employees during the year		
Administration and editorial	262	266
Sales and distribution	<u>71</u>	<u>69</u>
	333	335
	===	===

	£	£
7. INTEREST PAYABLE		
Bank loans and overdrafts	(55,114)	(508)
Other interest	(34,888)	(21,487)
Finance charges payable under finance leases and hire purchase contracts	<u>(15,690)</u>	<u>(21,570)</u>
	(105,692)	(43,565)
	=====	=====

DENNIS PUBLISHING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

	<u>2001</u> £	<u>2000</u> £
8. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Based on the results for the year:		
UK corporation tax at 30% (2000: 29.65%)	-	588,811
Foreign tax	17,986	-
Adjustments in respect of previous years	<u>(366,370)</u>	<u>(6,017)</u>
	(348,384)	582,794
	=====	=====
9. MINORITY INTERESTS - EQUITY		
Minority interest in the results for the year	(199,714)	-
Reversal of provisions made in prior periods' in respect of minorities' share of subsidiaries' trading losses	<u>7,109</u>	<u>-</u>
	(192,605)	-
	=====	===
10. DIVIDENDS		
Dividends on ordinary shares - interim paid	-	200,000
	===	=====

DENNIS PUBLISHING (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

11. INTANGIBLE FIXED ASSETS

GROUP

	Goodwill arising on consolidation £	Magazine and other intellectual publishing rights £	Total £
Cost:			
At 1st January, 2001	1,442,856	6,860,000	8,302,856
Additions	1,999,961	827,600	2,827,561
At 31st December 2001	3,442,817	7,687,600	11,130,417
Amortisation:			
At 1st January, 2001	515,275	4,060,000	4,575,275
Provided during the year	216,772	741,647	958,419
At 31st December, 2001	732,047	4,801,647	5,533,694
Net book value:			
At 31st December, 2001	2,710,770	2,885,953	5,596,723
	=====	=====	=====
Net book value:			
At 31st December, 2000	927,581	2,800,000	3,727,581
	=====	=====	=====

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.

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12. TANGIBLE FIXED ASSETS

GROUP

	Freehold land and buildings	Short leaseholds and improvements	Plant and machinery	Total
	£	£	£	£
Cost:				
At 1st January, 2001	249,366	888,512	4,589,618	5,727,496
Additions	-	4,417	888,373	892,790
Disposals	-	-	(277,024)	(277,024)
At 31st December, 2001	249,366	892,929	5,200,967	6,343,262
Depreciation:				
At 1st January, 2001	46,759	48,273	1,929,491	2,024,523
Charge for the year	4,988	88,284	935,332	1,028,604
Disposals	-	-	(124,256)	(124,256)
At 31st December, 2001	51,747	136,557	2,740,567	2,928,871
Net book value:				
At 31st December, 2001	197,619	756,372	2,460,400	3,414,391
	=====	=====	=====	=====
At 31st December, 2000	202,607	840,239	2,660,127	3,702,973
	=====	=====	=====	=====

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

	<u>2001</u> £	<u>2000</u> £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	246,013	298,822
	=====	=====

DENNIS PUBLISHING (UK) LIMITED
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13. FIXED ASSET INVESTMENTS

(a) GROUP	Shares in associated undertaking (i) £	Other fixed asset investment (ii) £	Total £
At 1st January, 2001	12,000	-	12,000
Additions	-	500,000	500,000
At 31st December, 2001	12,000	500,000	512,000
Amounts provided:			
At 1st January, 2001	12,000	-	12,000
Provided during the year	-	300,000	300,000
At 31st December, 2001	12,000	300,000	312,000
Written down value:			
At 31st December, 2001	-	200,000	200,000
	===	=====	=====
At 31st December, 2000	-	-	-
	===	===	===

- (i) The shares in associated undertaking represents a 60% holding in the equity share capital and voting rights 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 the 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 losses of the Worldwide Magazine Marketplace Limited at 31st December, 2001 was £23,715 (2000: £12,710) and the resultant group's share of the company's net liabilities of £24,425 (2000: £710) has been included in creditors due within one year.

DENNIS PUBLISHING (UK) LIMITED
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13. FIXED ASSET INVESTMENTS (Continued)

(a) GROUP (Continued)

- (ii) The other fixed asset investment is 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. In the opinion of the directors of Dennis Publishing Limited, the group is not in a position, and does not, exercise significant influence over the operation decisions and financial policies of Moneyweek Limited, and accordingly the company is not regarded as an associated undertaking.

(b) COMPANY

	Shares in subsidiary undertakings £
At cost	
At 31st December 2001 and 31st December 2001	600,000

=====

In November 1999, the company acquired the entire issued share capital of Dennis Publishing Limited from Dennis Holdings Limited, by way of shares being issued by Dennis Publishing (UK) Limited to the shareholders of Dennis Holdings Limited.

- (c) The Group holds 20% or more of the share capital of the following companies, all of whom have prepared financial statements made up to 31st December, 2001 with the exception of Evo Publications Limited (see below).

<u>Name of company</u>	<u>Shares held class</u>	Proportion of voting rights and shares held **	<u>Nature of business</u>
Dennis Publishing Limited	Ordinary	100%	Publishers
Dennis Oneshots Limited*	Ordinary	100%	Publishers
Dennis Oneshots Export Limited*	Ordinary	100%	Dormant
Dennis Customer Publishing Limited*	Ordinary	100%	Publishers
Dennis & Beyond Limited*	Ordinary	81%	Publishers
Beyond Communications Limited*	Ordinary	100%	Dormant
The Week Limited*	Ordinary	77%	Publishers
Its in the Bag Limited*	Ordinary	100%	Dormant
Subsnet 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
Dennis Lifestyle Limited*	Ordinary	100%	Publishers
Evo Publications Limited*	Ordinary	75%	Publishing
Worldwide Magazine Marketplace Limited*	Ordinary	60%	Publishing and service activities
Moneyweek Limited	Ordinary	28%	Publishing

DENNIS PUBLISHING (UK) LIMITED
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13. FIXED ASSET INVESTMENTS (Continued)

*Held by a subsidiary undertaking

**See Note 13(a) in respect of Worldwide Magazine Marketplace Limited and Moneyweek Limited.

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

On 2nd May, 2001 the Group acquired its interest in Evo Publications Limited for a cash consideration of £1,000,000, incurring acquisition costs of £30,000. Goodwill arising on the acquisition of Evo Publications Limited has been capitalised as an intangible fixed asset. The investment in Evo Publications Limited has been included in the Group's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of Evo Publications Limited:

Net assets acquired:

	£
Fixed assets	86,189
Debtors	388,162
Bank borrowings	(84,159)
Creditors due within one year	(507,581)
Minority interest	29,347
	<u>(88,042)</u>
Goodwill arising	1,118,042
	1,030,000
	=====

Satisfied by:

Cash	1,000,000
Acquisition costs	30,000
	<u>1,030,000</u>
	=====

In the opinion of the directors no adjustments were required to the amounts of the assets and liabilities to restate them at their fair values to the Group.

Evo Publications Limited contributed £48,225 to the Group's net operating cash flows, paid £14,953 in respect of net returns on investments and servicing of finance, paid £675 in respect of taxation and utilised £69,312 for capital expenditure and financial investment.

DENNIS PUBLISHING (UK) LIMITED
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13. FIXED ASSET INVESTMENTS (Continued)

As Evo Publications Limited has at present an accounting reference date of 30th June, interim accounts made up to 31st December, 2001 have been used for consolidation purposes. Evo Publications Limited made a loss after tax of £2,243 in the period from its acquisition by the Group to 31st December, 2001.

In addition to the Group's acquisition of Evo Publications Limited, during the year ended 31st December, 2001 the Group also made a further investment in The Week Limited (cost of £731,141 with attributable goodwill of £881,919), before further shares were issued by that company to certain minority shareholders. On consolidation, the reduction in the group's holding in The Week Limited, has resulted in a deemed disposal. While the profit of £273,249 arising on this deemed disposal has been recognised in the group profit and loss account, a corresponding transfer has been made to other reserves (Note 22), reflecting the group's share of disposal proceeds that cannot be distributed by The Week Limited.

	<u>Group</u>	
	<u>2001</u>	<u>2000</u>
	£	£
14. STOCKS		
Paper and consumables	51,346	526,587
	=====	=====
15. INVESTMENTS HELD AS CURRENT ASSETS		
Investment - Listed on the UK stock exchange	500,000	500,000
	=====	=====
Market value of listed investment	483,173	740,865
	=====	=====
16. DEBTORS		
Trade debtors	5,557,427	4,782,125
Amounts owed by group undertakings	-	-
Other debtors	7,693,422	7,382,793
Taxation recoverable	15,718	-
Prepayments and accrued income	<u>1,766,526</u>	<u>1,638,590</u>
	15,033,093	13,803,508
	=====	=====
Amounts due after more than one year included in:		
Other debtors	5,296,891	4,737,019
	=====	=====

DENNIS PUBLISHING (UK) LIMITED
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	<u>2001</u>	<u>Group</u>	<u>2000</u>
	£		£
17. CREDITORS: amounts falling due within one year			
Bank loans and overdrafts (secured)	1,650,883		-
Obligations under finance lease and hire purchase contracts	112,655		107,434
Trade creditors	8,016,207		9,694,044
Amounts owed to group undertakings	-		-
Corporation tax	-		662,107
Other taxes and social security costs	418,205		337,560
Other creditors	674,472		642,320
Accruals and deferred income	6,278,639		5,829,444
	17,151,061		17,272,909
	=====		=====

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

Obligations under finance lease and hire purchase contracts	15,503	17,633
Director's loan account (see below)	438,663	30,245
Other creditors	339,420	9,420
Accruals and deferred income	241,746	323,421
	1,035,332	380,719
	=====	=====

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

	<u>2001</u>	<u>Group</u>	<u>2000</u>
	£		£
19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS			
Amounts payable:			
Within one year	112,655		107,434
Within one to two years	15,503		17,633
	128,158		125,067
	=====		=====

DENNIS PUBLISHING (UK) LIMITED
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20. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP

£

(A) STAFF SABBATICAL PROVISION

At 1st January, 2001	225,297
Arising during the year	43,758
Utilised	<u>(50,000)</u>
At 31st December, 2001	219,055

=====

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.

(B) DEFERRED TAXATION

At 31st December, 2000 and 2001 there was no potential deferred taxation liability for either the Company or the Group.

21. SHARE CAPITAL

2001
£

2000
£

Authorised

10,000,000 ordinary shares of £1 each 10,000,000 10,000,000

=====

Allotted, called up and fully paid

600,000 ordinary shares of £1 each 600,000 600,000

=====

22. RESERVES

GROUP	<u>Profit and loss account</u> £	<u>Share premium account</u> £	<u>Other reserves</u> £	<u>Total</u> £
At 1st January, 2001	1,468,105	5,850,000	1,299,999	8,618,104
Loss for the year	(2,217,626)	-	-	(2,217,626)
Transfer between reserves (see Note 13(c))	(273,249)	-	273,249	-
At 31st December, 2001	(1,022,770)	5,850,000	1,573,248	6,400,478
	=====	=====	=====	=====

DENNIS PUBLISHING (UK) LIMITED
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22. RESERVES (continued)

Other reserves are comprised as follows:	£
Excess of par values of shares of merged company acquired over consideration	49,999
Share premium accounts of merged company acquired	1,250,000
Gain arising on deemed disposal of fixed asset investment (see Note 13(c))	<u>273,249</u>
	1,573,248
	=====

23. PROFIT AND LOSS ACCOUNT

In accordance with the exemption allowed by Section 230 of the Companies Act 1985 the company has not presented its own profit and loss account.

24. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>Group</u>		<u>Company</u>	
	<u>2001</u> £	<u>2000</u> £	<u>2001</u> £	<u>2000</u> £
At 1st January	9,218,104	8,994,508	600,000	-
Issue of shares	-	-	-	600,000
(Loss)/profit for the financial year	(2,217,626)	423,596	-	1,400,000
Dividends	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(1,400,000)</u>
At 31st December	7,000,478	9,218,104	600,000	600,000
	=====	=====	=====	=====

25. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS	<u>2001</u> £	<u>2000</u> £
Operating (loss)/profit	(2,562,339)	683,317
Depreciation and amortisation charges	1,987,023	2,216,647
Provision for impairment in value	300,000	-
(Profit)/loss on sale of tangible fixed assets	(3,838)	37,384
Decrease/(increase) in stocks	475,241	(75,761)
(Increase)/decrease in debtors	(825,505)	2,057,657
(Decrease)/increase in creditors	<u>(1,428,184)</u>	<u>449,358</u>
	(2,057,602)	5,368,602
	=====	=====

DENNIS PUBLISHING (UK) LIMITED
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26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT	<u>2001</u> £	<u>2000</u> £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	69,325	379,348
Interest paid	(90,002)	(21,995)
Interest element of finance lease and hire purchase payments	(15,690)	(21,570)
	(36,367)	335,783
	=====	=====
TAXATION		
UK corporation tax paid	(315,798)	(1,872,208)
	=====	=====
CAPITAL EXPENDITURE		
Payments to acquire intangible fixed assets	(827,600)	(160,000)
Payments to acquire tangible fixed assets	(660,745)	(2,825,195)
Payments to acquire fixed asset investments	(500,000)	(12,200)
Payment to acquire current asset investment	-	(500,000)
Receipts from sales of tangible fixed assets	156,608	151,564
	(1,831,737)	(3,345,831)
	=====	=====
ACQUISITIONS AND DISPOSALS		
Cash consideration	1,000,000	-
Acquisition expenses	30,000	-
Bank borrowings acquired	84,159	-
Net cash outflow in respect of the acquisition of Evo Publications Limited	1,114,159	-
Acquisition of other fixed asset investments	561,323	-
Total cash outflow in respect of acquisition	1,675,482	-
	=====	===
FINANCING		
Capital element of finance lease rental payments	(157,720)	(215,373)
Increase/(decrease) in director's loan	408,418	(32,017)
	250,698	(247,390)
	=====	=====

DENNIS PUBLISHING (UK) LIMITED
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**27. ANALYSIS OF CHANGES
IN NET DEBT**

	At 1st January, <u>2001</u> £	Cash flows <u>£</u>	Non cash changes <u>£</u>	At 31st December, <u>2001</u> £
Cash at bank and in hand	4,836,380	(5,666,288)		(829,908)
Finance leases	<u>(125,067)</u>	<u>142,767</u>	<u>(145,858)</u>	<u>(128,158)</u>
TOTAL	4,711,313	(5,523,521)	(145,858)	(958,066)
	=====	=====	=====	=====

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 agreements of £145,858 (2000: £166,527).

28. OTHER FINANCIAL COMMITMENTS

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

	<u>Land and buildings</u> <u>2001</u> £	<u>2000</u> £
Operating leases which expire:		
Within one year	178,321	178,321
Between two and five years	78,000	78,000
After more than five years	<u>1,210,082</u>	<u>1,210,082</u>
	1,466,403	1,466,403
	=====	=====

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 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 £744,167 were payable to Mr. Dennis by the Group in respect of the year ended 31st December, 2001.

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31. RELATED PARTIES

During the year Dennis Publishing Limited 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. (formerly Dennis Maxim Inc.); Seymour Distribution Limited; Dennis Holdings Limited; Customer Interface Limited; Worldwide Magazine Marketplace Limited; Moneyweek Limited, and Dennis Interactive Inc.

During the year Dennis Publishing Limited recharged at cost, expenditure incurred on behalf of certain of the above companies totalling £1,037,265.

During the year the Group made copy sales in the ordinary course of business and on an arms length basis totalling £16,917,399 to Seymour Distribution Limited.

Subscription bureau charges of £998,285 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, 2001 were as follows:

	£
Included within trade debtors:	
Seymour Distribution Limited	186,327
	=====
Included within other debtors:	
Dennis Publishing Inc.	6,166,891
Dennis Interactive Inc.	144,515
Customer Interface Limited	56,974
Worldwide Magazine Marketplace Limited	46,179
Moneyweek Limited	829,285
	=====
Included within trade creditors:	
Customer Interface Limited	313,998
	=====
Included within other creditors:	
Dennis Holdings Limited	550,001
	=====

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

DENNIS PUBLISHING (UK) LIMITED
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32. POST BALANCE SHEET EVENTS

Since the year end the Group has disposed of its interest in Money Week Limited having found an appropriate acquirer who will continue to publish the magazine Money Week.

The disposal of Dennis & Beyond Limited was completed on 31st January, 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 30 Cleveland Street, London, W1P 5FF.