

# Companies House

**DENNIS PUBLISHING (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2014**

WEDNESDAY



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COMPANIES HOUSE

# **DENNIS PUBLISHING (UK) LIMITED**

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# DENNIS PUBLISHING (UK) LIMITED

## COMPANY INFORMATION

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**Directors:** F. Dennis (Deceased 22<sup>nd</sup> June 2014)  
I.G.H. Leggett FCA(NZ) CA ACIS  
B.W. Reynolds CA(NZ) ACA  
J.A. Tye

**Secretary:** I.G.H. Leggett

**Auditors:** Bright Grahame Murray  
131 Edgware Road  
London  
W2 2AP

**Bankers:** National Westminster Bank PLC  
15 Bishopsgate  
London  
EC2P 2AP

**Solicitors:** Messrs. Simons Muirhead and Burton  
8-9 Frith Street  
London  
W1D 3JB

**Registered Office:** 30 Cleveland Street  
London  
W1T 4JD

**Company Number:** 03870844

## DENNIS PUBLISHING (UK) LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

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#### Fair Review of the Group's Business

##### 1. Activities

The Dennis Publishing (UK) Limited Group is engaged in the publication, promotion and sale of magazines, periodicals, posters, mail order merchandise, web sites and digital apps.

##### 2. Business Review

The results for the year are set out on page 9 of these financial statements. We produce a variety of key figures on a monthly basis for each of our businesses to enable us to analyse performance against budget and the prior year. Below we have set out the key performance indicators we measure on a Group basis followed by a narrative setting out the key developments in the business this year.

	2014	2013
<b>Group Profit before tax</b>		
Group Profit before taxation	£5.3m	£5.0m
<b>Group profit before tax as a % of sales</b>		
Group profit on ordinary activities before taxation as a percentage of Group turnover.	6.9%	6.6%
<b>Interest cover</b>		
The ratio of operating profit before amortisation and exceptional items to interest payable on borrowings.	76x	40x
<b>Gearing</b>		
The ratio of total borrowings to shareholders funds expressed as a percentage.	8.2%	32.0%

The Group delivered good results in 2014. Group turnover was up approximately £0.8m and profit before tax was up £0.3m. The Group continued to make selective investments in its digital activities during 2014 as outlined below. Consequently, the directors believe the Group is well placed to deliver another strong set of results in 2015.

The Group's investment in its digital activities included the launch of a new website 'mentalfloss.com/uk'. The Group also acquired the trade and assets of the 'buyacar.co.uk' website. Full details of this transaction are given in note 10 to the accounts.

In the year, the Group made charitable donations of £131,137 (2013: £130,190).

The Group's Chairman and controlling shareholder, Felix Dennis sadly died on 22nd June 2014. Staff, creditors, customers and advisors have all expressed extreme sadness at his passing. Following his death, the shareholding in the Group is under the control of the Executors of the Felix Dennis Estate. The ownership of this shareholding will be transferred to the "Heart of England Forest" charity after the grant of probate to the Estate. The Directors are very confident that the Group is well placed to continue to prosper in the future, with the overall aim of generating funds for the charity.

**2. Business Review (continued)**

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.

**3. Principal risks and uncertainties and future prospects**

The key risks and uncertainties facing the Group are as set out below.

**Competition**

There are an increasing number of print magazines and websites in competition with the Group's products. The Group continues to invest in its key products to protect the market position of its products but there is a risk that future results will be affected.

**Growth of the internet**

Consumers are increasingly turning to the internet for entertainment, information and to buy goods and services. This has resulted in a decline in the copy sales of some magazine titles and a shift in advertising from print magazines to the internet. While the Group is attempting to take advantage of this trend by investing and growing its internet businesses there is a risk that the future decline in revenue from print magazines will be greater than the growth in revenue from the internet.

**UK economic situation**

Even though the UK economic situation is looking more positive, general trading conditions are still difficult.

Despite these risks the directors are confident about the long-term prospects of the Group.

The Group's risk management policies are set out in note 1 to the accounts.

**4. Employees**

All employees receive equal opportunities for training and career development. The sole criterion for selection and promotion is the individual's suitability for the position of employment offered. The Group supports the employment of disabled persons wherever appropriate.

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.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Company Intranet. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

# DENNIS PUBLISHING (UK) LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

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### 5. Post Balance Sheet Events

On 8th January 2015 the Group acquired the trade of Cross Stitcher, Cross Stitch Collection and Your Family Tree magazines from Immediate Media Company Bristol Limited.

Full details of this transaction are given in note 30 to the accounts.

Since the year end there have been no other events which require specific mention in this report.

*Signed on behalf of the directors*

A handwritten signature in black ink, appearing to read 'Ian Leggett', written over a horizontal line.

Chairman  
IAN LEGGETT

# **DENNIS PUBLISHING (UK) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014**

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The Directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31<sup>st</sup> December 2014.

The Directors who served in the year are listed on page 1.

Mr Felix Dennis passed away on 22<sup>nd</sup> June 2014.

### **Results and Dividends**

The profit after tax for the year amounted to £3.334m.

The Directors declared a dividend of £2m on the 6<sup>th</sup> January 2014, £1m on 24<sup>th</sup> April 2014 and a further £1m on the 12<sup>th</sup> June 2014; Full details of these transactions are given in note 9 to the accounts.

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 group and parent company 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's websites. It is important to bear in mind that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Strategic Report**

The strategic report can be found on pages 2 to 4.

# DENNIS PUBLISHING (UK) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2014

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### Auditor

A resolution to re-appoint Messrs. Bright Grahame Murray, Chartered Accountants of 131 Edgware Road, London W2 2AP, as auditor to the Company will be proposed at the Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that,

- so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

*Signed on behalf of the directors*



Chairman  
**IAN LEGGETT**



# **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**

## **DENNIS PUBLISHING (UK) LIMITED**

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We have audited the financial statements of Dennis Publishing (UK) Limited for the year ended 31<sup>st</sup> December 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement 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 auditor**

As explained more fully in the Directors' Responsibilities Statement (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and our responsibility is to audit and express an opinion on 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 group's and the parent 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit 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 matter 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.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

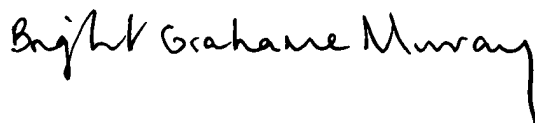
## DENNIS PUBLISHING (UK) LIMITED

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### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**MICHELLE COLCLOUGH**

For and on behalf of

**BRIGHT GRAHAME MURRAY**

Chartered Accountants & Statutory Auditor

131 Edgware Road

London

25 September 2015

# DENNIS PUBLISHING (UK) LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2014

	Notes	2014 £'000	2013 £'000
<b>TURNOVER, including share of</b>			
<b>Joint Ventures</b>			
Continuing operations			
Existing		80,555	79,278
Acquisitions		26	-
Discontinued		931	2,163
Total turnover		81,512	81,441
Less: Share of Joint Ventures		(4,699)	(5,380)
Group turnover	2	76,813	76,061
Cost of sales	3	(33,280)	(34,786)
Gross profit		43,533	41,275
Net operating expenses	3	(37,825)	(35,613)
Operating profit/(loss) from continuing operations			
Existing		6,201	6,210
Acquisitions		(139)	-
Operating loss from discontinued operations		(354)	(548)
<b>GROUP OPERATING PROFIT</b>	4	5,708	5,662
Share of operating (loss) of Joint Ventures	12c (i)	(66)	(94)
Share of operating (loss) of Associates	12d (i)	(352)	(575)
		(418)	(669)
<b>TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES AND ASSOCIATES</b>		5,290	4,993
Profit on sale of business			
Discontinued operations		124	183
Net interest (payable)/receivable			
Interest receivable - Group	7	29	17
Interest payable - Group	7	(108)	(199)
Interest payable - Joint Ventures	7	(38)	11
		(117)	(171)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,297	5,005
Tax on profit on ordinary activities	8	(1,963)	(2,490)
<b>PROFIT FOR THE YEAR</b>		<u>3,334</u>	<u>2,515</u>

The notes on pages 14 to 38 form part of these financial statements.

**DENNIS PUBLISHING (UK) LIMITED****GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER 2014**

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Notes	2014 £'000	2013 £'000
Profit/(loss) for the Financial Year		
Group	3,815	3,177
Joint Ventures	(129)	(106)
Associates	<u>(352)</u>	<u>(556)</u>
	3,334	2,515
Exchange adjustments offset in reserves (translation of overseas foreign investments)	(40)	10
Total recognised gains and losses for the year	<u>3,294</u>	<u>2,525</u>
Group	3,775	3,187
Joint Ventures	(129)	(106)
Associates	<u>(352)</u>	<u>(556)</u>
Total recognised gains and losses for the year	<u>3,294</u>	<u>2,525</u>

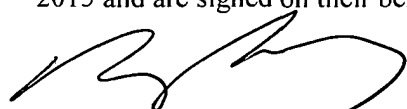
*The notes on pages 14 to 38 form part of these financial statements.*

# DENNIS PUBLISHING (UK) LIMITED


## GROUP BALANCE SHEET AT 31ST DECEMBER 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Magazine and other intellectual publishing rights	10a	4,389		4,887	
Goodwill	10a	<u>12,686</u>		<u>14,442</u>	
			17,075		19,329
Tangible Assets	11a		<u>2,221</u>		<u>2,420</u>
<b>Investment in Joint Ventures:</b>					
Share of gross assets	12c (ii)	2,387		2,379	
Share of gross liabilities	12c (ii)	(2,370)		(2,352)	
Goodwill arising on acquisition	12c (ii)	<u>118</u>		<u>237</u>	
			135		264
Investment in Associates	12d (ii)		<u>420</u>		<u>773</u>
			<u>19,851</u>		<u>22,786</u>
<b>CURRENT ASSETS</b>					
Debtors due in less than one year	13	12,204		12,067	
Debtors due in greater than one year	13	650		650	
Cash at bank and in hand		<u>7,150</u>		<u>6,611</u>	
		<u>20,004</u>		<u>19,328</u>	
<b>CREDITORS:</b>					
Amounts falling due within one year	14	<u>25,193</u>		<u>25,277</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(5,189)</u>		<u>(5,949)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,662</u>		<u>16,837</u>
<b>CREDITORS:</b>					
Amounts falling due after more than one year	15	1,020		2,487	
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>143</u>		<u>145</u>	
			1,163		2,632
			<u>13,499</u>		<u>14,205</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		600		600
Reserves	19a		<u>12,899</u>		<u>13,605</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>13,499</u>		<u>14,205</u>

These financial statements were approved by the directors and authorised for issue on 25<sup>th</sup> September 2015 and are signed on their behalf by:



**Director**  
**BRETT REYNOLDS**  
Company Registration Number 03870844



**Director**  
**IAN LEGGETT**

*The notes on pages 14 to 38 form part of these financial statements.*

# DENNIS PUBLISHING (UK) LIMITED

## COMPANY BALANCE SHEET AT 31ST DECEMBER 2014

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	Notes	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Investments	12a	600	600
		<u>600</u>	<u>600</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	600	600
<b>SHAREHOLDERS' FUNDS</b>	21	<u>600</u>	<u>600</u>

These financial statements were approved by the directors and authorised for issue on 25<sup>th</sup> September 2015 and are signed on their behalf by:



**Director**  
**BRETT REYNOLDS**



**Director**  
**IAN LEGGETT**

Company Registration Number 03870844

*The notes on pages 14 to 38 form part of these financial statements.*

**DENNIS PUBLISHING (UK) LIMITED****GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	Notes	2014 £'000	2013 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>22</b>	12,098	12,212
Dividends received from joint ventures		-	19
Returns on investment and servicing of finance	23	(79)	(199)
Taxation	23	(2,603)	(1,800)
Capital expenditure	23	(1,121)	(872)
		8,295	9,360
Acquisitions and disposals	23	(169)	(3,726)
Equity dividends paid		(4,000)	(3,000)
<b>CASH INFLOW BEFORE FINANCING</b>		4,126	2,634
Financing	23	(3,587)	(1,537)
<b>INCREASE IN CASH IN THE PERIOD</b>		539	1,097
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Increase in cash in the period	24	539	1,097
Cash outflow from debt and financing	24	3,587	1,537
Change in net funds resulting from cash flows	24	4,126	2,634
Movement in net funds in the period		4,126	2,634
Net funds/(debt) at 1st January	24	2,104	(530)
<b>NET FUNDS AT 31ST DECEMBER</b>	<b>24</b>	6,230	2,104

*The notes on pages 14 to 38 form part of these financial statements.*

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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### 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 with all of its subsidiary undertakings, joint ventures and associates.

The subsidiaries of Dennis Publishing (UK) Limited have been accounted for under the acquisition method of accounting. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. On the acquisition of a business, including interests in an associated undertaking or joint venture, 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 in accordance with the directors' estimate of its useful life (between five and twenty years). The results of Dennis Buyacar Limited, a new subsidiary in 2014, are unaudited.

A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control. The Group's share of the profits/(losses) of joint ventures is included in the group profit and loss account and its interest in their net assets is included in the group balance sheet, using the gross equity accounting method. The results of Dovetail Services (UK) Limited, a joint venture referred to in note 12(c), has been included using information from unaudited accounts drawn up to 31<sup>st</sup> December 2014.

An associate is an undertaking in which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the investee. The Group's share of the profits/(losses) of associates is included in the group profit and loss account and its interest in their net assets is included in the group balance sheet, using the gross equity accounting method.

#### *Turnover*

Turnover, which excludes value added tax and discounts, represents billings to customers for print and digital advertising, newsstand sales, subscriptions revenues, magbook sales, digital copy sales, events and licensing revenues.

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 purchased 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.



# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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### 1. ACCOUNTING POLICIES (continued)

#### *Intangible fixed assets (continued)*

The directors estimate the useful economic life of the magazine titles and other intellectual publishing rights to be between five and twenty years in the form in which they are acquired, and accordingly such costs less estimated residual values are being amortised on this basis from the commencement of economic benefit to the Group, subject to annual impairment reviews being carried out, with any such impairments being reflected in full in the profit and loss account in the year of diminution.

#### *Depreciation and amortisation*

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 land and buildings	- 2% straight line basis
Leasehold improvements	- 10% straight line basis
Fixtures, fittings and equipment	- 25% straight line basis
Computer software and hardware*	- 12.5% - 50% straight line basis
Intangible assets	- 5% - 20% straight line basis

\*Digital apps are included within computer software and hardware. These are depreciated on a 33% - 50% straight line 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 less provisions for any impairment in value.

#### *Deferred taxation*

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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### 1. ACCOUNTING POLICIES (continued)

#### *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. Exchange gains and losses arising from translation of foreign currency transactions are included in the profit and loss account for the year.

The financial statements of overseas subsidiary undertakings are translated into sterling at the exchange rate ruling at the relevant balance sheet date. Differences arising from the retranslations of opening net assets are dealt with through reserves.

#### *Operating Leases*

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

#### *Pension costs*

The Company offers access to a defined contribution scheme. Contributions are charged to the profit and loss account in the year in which they are payable to the scheme. Any differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

#### *Financial instruments*

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### *Goodwill*

Goodwill, which represents the difference between the fair value of purchase consideration and the fair value of the assets and liabilities acquired, is capitalised and subjected to an annual impairment review.

#### *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle that obligation at the balance sheet date.

#### *Financial Risk Management*

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk. Financial risk management is an integral part of the way that the Group is managed. Financial risk management policies are set by the Board of Directors.

The Group does not hold financial instruments.

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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### 1. ACCOUNTING POLICIES (continued)

#### *Financial Risk Management (continued)*

(i) Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures). The Group invariably has some customers or suppliers that transact in a foreign currency. The Group is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies but the Group's primary exposures relate to the US Dollar and to the Euro.

(ii) Interest rate risk

Interest rate risk arising from borrowing at variable rates is not hedged.

(iii) Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining adequate committed lines of funding.

(iv) Credit risk

Credit risk arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial assets such as cash balances, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts recognised in the balance sheet are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Trade receivables are subject to credit limits and control and approval procedures in the operating companies. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables. Credit risk associated with cash balances is managed by transacting with financial institutions with high quality credit ratings. Accordingly the Group's associated credit risk is limited. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Group balance sheet.

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 2. TURNOVER AND SEGMENTAL ANALYSIS

#### *Principal activity*

The Group's principal area of activity is the publication of magazines, websites and apps.

#### *Analysis of Group turnover by geographical market*

	2014			
	United Kingdom	Europe	Other	Total
	£'000	£'000	£'000	£'000
<b>Sales to third parties</b>				
Continuing	67,407	5,961	7,187	80,555
Acquisitions	26	-	-	26
Discontinued	743	110	78	931
Share of Joint Ventures	(4,699)	-	-	(4,699)
<b>Total continuing</b>	<b>63,477</b>	<b>6,071</b>	<b>7,265</b>	<b>76,813</b>
	2013			
	United Kingdom	Europe	Other	Total
	£'000	£'000	£'000	£'000
<b>Sales to third parties</b>				
Continuing	65,292	5,363	8,623	79,278
Acquisitions	-	-	-	-
Discontinued	1,560	109	494	2,163
Share of Joint Ventures	(5,380)	-	-	(5,380)
<b>Total continuing</b>	<b>61,472</b>	<b>5,472</b>	<b>9,117</b>	<b>76,061</b>

### 3. COST OF SALES AND NET OPERATING EXPENSES

	2014			
	Acquisitions	Continuing	Discontinued	Total
	£'000	£'000	£'000	£'000
Cost of sales	54	32,216	1,010	33,280
Net operating expenses				
Distribution costs	-	4,423	68	4,491
Administrative expenses	111	33,016	207	33,334
	<b>111</b>	<b>37,439</b>	<b>275</b>	<b>37,825</b>
	2013			
	Acquisitions	Continuing	Discontinued	Total
	£'000	£'000	£'000	£'000
Cost of sales	-	32,783	2,003	34,786
Net operating expenses				
Distribution costs	-	5,117	85	5,202
Administrative expenses	-	29,788	623	30,411
	<b>-</b>	<b>34,905</b>	<b>708</b>	<b>35,613</b>

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 4. OPERATING PROFIT

This is stated after charging:	2014 £'000	2013 £'000
Depreciation of owned assets	1,320	1,133
Amortisation of goodwill	1,940	2,289
Amortisation of intellectual property rights	648	637
Operating lease rentals - land and buildings	1,373	1,403
	<u>          </u>	<u>          </u>

During the year, the Group obtained the following services from the Company's auditor.

	2014 £'000	2013 £'000
Fees payable to the company auditor for the audit of the parent company and consolidated accounts	46	46
Fees payable to the company auditor for the audit of the subsidiary companies	12	12
Fees payable to the company auditor for other services: Tax services	20	18
	<u>      78      </u>	<u>      76      </u>

### 5. DIRECTORS' EMOLUMENTS

	2014 £'000	2013 £'000
Aggregate emoluments	945	938
Amounts receivable under long term incentive scheme	2,225	-
Company pension contributions to money purchase schemes	11	4
	<u>     3,181     </u>	<u>      942     </u>
<i>Remuneration of highest paid director</i>		
Aggregate emoluments	429	434
Amounts receivable under long term incentive scheme	1,550	-
Company pension contributions to money purchase schemes	6	1
Emoluments	<u>     1,985     </u>	<u>      435     </u>

These emoluments relate to amounts received by the directors of Dennis Publishing (UK) Limited.

There were no other benefits requiring disclosure in respect of any of the directors during the financial year or preceding year.

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 6. STAFF COSTS (including directors)

	2014 £'000	2013 £'000
Wages and salaries	21,799	19,283
Social security costs	2,431	2,139
Pension contributions	389	277
	<u>24,619</u>	<u>21,699</u>
Average number of monthly employees during the year		
	2014 No.	2013 No.
Administrative and editorial	320	308
Sales and distribution	96	81
	<u>416</u>	<u>389</u>

### 7. INTEREST PAYABLE & RECEIVABLE

	2014 £'000	2013 £'000
Group interest receivable	29	17
	<u>29</u>	<u>17</u>
Interest payable on bank loans and overdrafts	(11)	(77)
Interest payable on other loans	(97)	(122)
	<u>(108)</u>	<u>(199)</u>
Share of joint venture interest receivable	-	42
Share of joint venture interest payable	(38)	(31)
	<u>(38)</u>	<u>11</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
(a) Current taxation		
UK Corporation tax based on the results for the year	1,862	2,475
Adjustments in respect of prior periods	101	30
	<u>1,963</u>	<u>2,505</u>
Double taxation relief	-	(15)
Taxation on profit on ordinary activities	<u>1,963</u>	<u>2,490</u>

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Included in current taxation is £25k (2013: £2k) attributable to joint ventures and associates.

(b) Factors affecting the current taxation charge for the period

The standard rate of taxation for the year, based upon the UK standard rate of Corporation Taxation is 21.49% (2013 23.25%). The actual charges for the current and previous periods differ from the standard rate for the reasons set out in the following reconciliation:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	5,297	5,005
Taxation on profit on ordinary activities at standard rate	1,138	1,164
<i>Factors affecting the current taxation charge for the period</i>		
Capital allowances less than/(in excess of) depreciation	134	29
Utilisation of taxation losses	(35)	(41)
Other timing differences	22	42
Expenses not deductible for taxation purposes	21	727
Amortisation	410	439
Double taxation relief	-	(15)
Losses carried forward	172	115
Adjustments in respect of prior periods	101	30
Total actual amount of current taxation	1,963	2,490

(c) Factors that may affect future taxation charges

Deferred taxation assets have not been recognised in respect of certain timing differences and revenue losses carried forward for relief against future trading profits. There was no material deferred tax asset at 31<sup>st</sup> December 2014 or 2013.

### 9. DIVIDENDS

	2014 £'000	2013 £'000
Equity dividends paid on ordinary shares	4,000	2,000

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 10. INTANGIBLE FIXED ASSETS

	Good will	Magazine and other Intellectual Publishing Rights	Total
	£'000	£'000	£'000
Cost:			
At 1st January 2014	29,104	13,242	42,346
Additions	185	150	335
Disposals	(293)	-	(293)
At 31st December 2014	28,996	13,392	42,388
Amortisation			
At 1st January 2014	14,662	8,355	23,017
Provided during the year	1,940	648	2,588
Disposals	(292)	-	(292)
At 31st December 2014	16,310	9,003	25,313
Net book value:			
At 31st December 2014	12,686	4,389	17,075
At 31st December 2013	14,442	4,887	19,329

#### *Magazine and other Intellectual Property Rights*

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

During the year the Group purchased the Intellectual Property rights for the buyacar.co.uk website.



# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 10. INTANGIBLE FIXED ASSETS (continued)

#### *Goodwill*

Goodwill has resulted from the difference between the fair value of the assets acquired in certain group companies and stand-alone titles and the fair value of the consideration

(i) On 3<sup>rd</sup> November 2014, Dennis Buyacar Limited, which is 85% owned by Dennis Publishing Limited, purchased the trade and assets of the buyacar.co.uk website. The investment can be analysed as follows:

	Book/Fair Value £'000
Intangible Asset	150
Net total assets	150
Additional goodwill arising on acquisition	185
	335
Satisfied by:	
Cash consideration	300
Legal and professional fees	35
Total cost	335

In the opinion of the directors there were no material adjustments required to restate the book values of assets and liabilities to their fair values.

### 11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Leasehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Computer Software and Hardware £'000	Total £'000
Cost:					
At 1st January 2014	260	2,075	972	10,409	13,716
Additions	-	100	37	984	1,121
At 31st December 2014	260	2,175	1,009	11,393	14,837
Depreciation					
At 1st January 2014	79	1,539	949	8,729	11,296
Charge for the year	-	475	22	823	1,320
At 31st December 2014	79	2,014	971	9,552	12,616
Net book value:					
At 31st December 2014	181	161	38	1,841	2,221
At 31st December 2013	181	536	23	1,680	2,420

**DENNIS PUBLISHING (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2014**

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**12. FIXED ASSET INVESTMENTS**

**(a) Company**

	<b>Shares in subsidiary undertakings</b>
	<b>£'000</b>
Cost:	
At 1st January 2014 and at 31st December 2014	<u><u>600</u></u>

## DENNIS PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

#### 12. FIXED ASSET INVESTMENTS (continued)

- (b) At 31<sup>st</sup> December 2014 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, apart from, Dovetail Services (UK) Limited and Pouncer Media Limited, which have a 31<sup>st</sup> March accounting reference date and Contentment Limited, which has a 31<sup>st</sup> January accounting reference date. The companies listed are the key trading subsidiaries, joint ventures and associates of the company.

Name of company	Shares held class	Proportion of voting Rights and Shares held	Nature of Business
Dennis Publishing Limited	Ordinary	100%	Publishers
The Week Limited	Ordinary	100%	Publishers
I Feel Good (Holdings) Limited*	Ordinary	100%	Publishing and service activities
I Feel Good Limited*	Ordinary	100%	Publishing and service activities
Choice Publishers Limited	Ordinary	100%	Publishing and service activities
Octane Media Holdings Limited	Ordinary	100%	Holding company
Octane Media Limited*	Ordinary	100%	Publishing and service activities
Halo Publishing Limited	Ordinary	100%	Publishers
Evo Publications Limited	Ordinary	100%	Publishing
The Golden Gate Production Company Limited	Ordinary	100%	Publishers
Three PM Limited	Ordinary	100%	Publishing and service activities
First Post Newsgroup Limited*	Ordinary	100%	Publishers
Dovetail Services (UK) Limited	Ordinary	50%	Subscription fulfilment
Pouncer Media Limited	Ordinary	38%	Internet business
Contentment Limited	Preference	20%	Software Publisher
Dennis Interactive Inc.	Ordinary	100%	Publishers
Dennis Buyacar Limited	Ordinary	85%	Car sales website

\*Held by a subsidiary undertaking

Apart from Dennis Publishing Limited, these are all held via subsidiary undertakings. All of the above companies are incorporated in England and Wales with the exception of Dennis Interactive Inc. which is incorporated in the U.S.A.

## DENNIS PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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#### 12. FIXED ASSET INVESTMENTS (continued)

- (c) On 8<sup>th</sup> April 2005 the Group entered into a joint venture with BBC Worldwide Limited acquiring a 50% interest in the ordinary share capital of Dovetail Services Holdings (UK) Limited, the principal activity of which is magazine subscription fulfilment. On 1<sup>st</sup> November 2011 BBC Worldwide Limited sold their 50% share to Immediate Media Company London Limited.

On 31<sup>st</sup> January 2007 a 50% interest in the ordinary share capital of Seymour Distribution Limited was acquired by the Group, the principal activity of which is magazine distribution. On 31<sup>st</sup> July 2013 the Group exited the joint venture, disposing of its 50% interest in the ordinary share capital of Seymour Distribution Limited.

- i) Details of the Group's share of operating profit and losses attributable to the joint ventures are disclosed on the face of the profit and loss account. This is broken down in more detail below:

	Dovetail	Seymour	Total
	£'000	£'000	£'000
Share of JV turnover	4,699	-	4,699
Share of JV cost of sales	(4,647)	-	(4,647)
Share of JV operating profit/(loss) for the year before interest, tax and dividends	52	-	52
Less:			
Amortisation	(118)	-	(118)
<b>Share of operating profit/(loss) of Joint Ventures in 2014</b>	<b>(66)</b>	<b>-</b>	<b>(66)</b>
<i>Share of operating profit/(loss) of Joint Ventures in 2013</i>	<i>(30)</i>	<i>(64)</i>	<i>(94)</i>

## DENNIS PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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#### 12. FIXED ASSET INVESTMENTS (continued)

- ii) The Group's share of the Dovetail Services (UK) Limited (Dovetail) and Seymour Distribution Limited (Seymour) assets and liabilities at 31st December 2014 was as follows:

	Dovetail £'000	Seymour £'000	Total £'000
<b>Assets</b>			
Fixed Assets	1,395	-	1,395
Current Assets	992	-	992
Total share of group assets	<u>2,387</u>	<u>-</u>	<u>2,387</u>
<b>Liabilities</b>			
Liabilities due within one year	1,206	-	1,206
Liabilities due after one year or more	1,164	-	1,164
Total share of gross liabilities	<u>2,370</u>	<u>-</u>	<u>2,370</u>
<b>Goodwill</b>			
Arising on acquisition	1,184	-	1,184
Less: Amortisation since acquisition	<u>(1,066)</u>	<u>-</u>	<u>(1,066)</u>
	118	-	118
<b>Investment in Joint Venture at 31st December 2014</b>	<u>135</u>	<u>-</u>	<u>135</u>
<i>Investment in Joint Venture at 31st December 2013</i>	<u>264</u>	<u>-</u>	<u>264</u>

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 12. FIXED ASSET INVESTMENTS (continued)

iii) The amount at which the Dovetail Services (UK) Limited and Seymour Distribution Limited joint venture are stated in the Group balance sheet is as follows:

	Dovetail £'000	Seymour £'000	Total £'000
<b>Cost</b>			
At 1st January 2014	1,184	-	1,184
Disposal of investment	-	-	-
At 31st December 2014	<u>1,184</u>	<u>-</u>	<u>1,184</u>
<b>Amortisation</b>			
At 1st January 2014	(947)	-	(947)
Charge for the year	(118)	-	(118)
Disposal of investment	-	-	-
At 31st December 2014	<u>(1,065)</u>	<u>-</u>	<u>(1,065)</u>
<b>Share of post acquisition profits/(losses)</b>			
At 1st January 2014	27	-	27
Share of profits/(losses) after taxation*	<u>(11)</u>	<u>-</u>	<u>(11)</u>
At 31st December 2014	16	-	16
<b>Net Book Value at 31st December 2014</b>	<u><u>135</u></u>	<u><u>-</u></u>	<u><u>135</u></u>
<i>Net Book Value at 31st December 2013</i>	<u><u>264</u></u>	<u><u>-</u></u>	<u><u>264</u></u>

\*The group's share of the joint ventures profits/(losses) after taxation is broken down as follows:

	Dovetail £'000	Seymour £'000	Total £'000
Share of Joint Venture profits/(losses)	52	-	52
Tax	(25)	-	(25)
Interest receivable/(payable)	(38)	-	(38)
Dividends	-	-	-
<b>Share of post acquisition profits/(losses) in 2014</b>	<u><u>(11)</u></u>	<u><u>-</u></u>	<u><u>(11)</u></u>
<i>Share of post acquisition profits/(losses) in 2013</i>	<u><u>44</u></u>	<u><u>6</u></u>	<u><u>50</u></u>

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 12. FIXED ASSET INVESTMENTS (continued)

- (d) On 20<sup>th</sup> August 2012 and 4<sup>th</sup> December 2012 the Group acquired shares in Pouncer Media Limited, giving them a 30% interest in its ordinary share capital, the principal activity of which is web based. On 8<sup>th</sup> May 2013 and 23<sup>rd</sup> July 2013 the Group acquired further shares in Pouncer Media Limited. Its total interest in the ordinary share capital is 37.74% as at 31st December 2014.

On 18<sup>th</sup> February 2013 the Group acquired shares in Contentment Limited, giving them a 20% interest in its ordinary share capital, the principal activity of which is software development.

i) Details of the Group's share of operating profit and losses attributable to the Associates are disclosed on the face of the profit and loss account. This is broken down in more detail below:

	<b>Pouncer Media Limited £'000</b>	<b>Contentment Limited £'000</b>	<b>Total £'000</b>
Share of Associate operating profit/(loss) for the year before interest, tax and dividends	(24)	(128)	(152)
Less:			
Amortisation	(159)	(41)	(200)
<b>Share of operating profit/(loss) of Associate in 2014</b>	<b>(183)</b>	<b>(169)</b>	<b>(352)</b>
'Share of operating profit/(loss) of Associate in 2013	(403)	(172)	(575)

ii) The Group's share of Pouncer Media Limited's and Contentment Limited's assets and liabilities at 31st December 2014 was as follows:

	<b>Pouncer Media Limited £'000</b>	<b>Contentment Limited £'000</b>	<b>Total £'000</b>
<b>Assets</b>			
Fixed Assets	44	3	47
Current Assets	72	3	75
Total share of Group assets	116	6	122
<b>Liabilities</b>			
Liabilities due within one year	38	27	65
Liabilities due after one year or more	-	170	170
Total share of gross liabilities	38	197	235
<b>Goodwill</b>			
Arising on acquisition	659	279	938
Less: Amortisation since acquisition	(317)	(88)	(405)
	342	191	533
<b>Investment in Associate at 31st December 2014</b>	<b>420</b>	<b>-</b>	<b>420</b>
Investment in Associate at 31st December 2013	604	169	773

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 12. FIXED ASSET INVESTMENTS (continued)

iii) The amount at which Pouncer Media Limited and Contentment Limited is stated in the Group balance sheet is as follows:

	<b>Pouncer Media Limited £'000</b>	<b>Contentment Limited £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1st January 2014	1,060	341	1,401
Additions	-	-	-
At 31st December 2014	<u>1,060</u>	<u>341</u>	<u>1,401</u>
<b>Amortisation</b>			
At 1st January 2014	(158)	(48)	(206)
Charge for the year	<u>(159)</u>	<u>(41)</u>	<u>(200)</u>
At 31st December 2014	<u>(317)</u>	<u>(89)</u>	<u>(406)</u>
<b>Share of post acquisition profits/(losses)</b>			
At 1st January 2014	(298)	(124)	(422)
Share of profits/(losses) after taxation	<u>(25)</u>	<u>(128)</u>	<u>(153)</u>
At 31st December 2014	<u>(323)</u>	<u>(252)</u>	<u>(575)</u>
<b>Net Book Value</b>			
At 31st December 2014	<u>420</u>	<u>-</u>	<u>420</u>
At 31st December 2013	<u>604</u>	<u>169</u>	<u>773</u>

The group's share of the associates profits/(losses) after taxation is broken down as follows:

	<b>Pouncer Media Limited £'000</b>	<b>Contentment Limited £'000</b>	<b>Total £'000</b>
Share of associate profits/(losses)	(25)	(128)	(153)
Tax	<u>-</u>	<u>-</u>	<u>-</u>
<b>Share of post acquisition profits/(losses) in 2014</b>	<u>(25)</u>	<u>(128)</u>	<u>(153)</u>
Share of post acquisition profits/(losses) in 2013	<u>(244)</u>	<u>(124)</u>	<u>(368)</u>



# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 13. DEBTORS

	Group	
	2014 £'000	2013 £'000
Amounts due within one year:		
Trade debtors	6,783	5,583
Amounts owed by group undertakings	-	-
Other debtors	809	987
Prepayments and accrued income	4,612	5,497
	<u>12,204</u>	<u>12,067</u>
Amounts due after more than one year:		
Amounts owed by group undertakings	-	-
Other debtors	650	650
	<u>650</u>	<u>650</u>

### 14. CREDITORS: amounts falling due within one year

	Group	
	2014 £'000	2013 £'000
Bank loans and overdrafts	-	1,547
Trade creditors	3,433	3,639
Amounts owed to group undertakings	-	-
Corporation tax	818	1,511
Other taxes and social security costs	970	675
Other creditors	958	1,332
Accruals and deferred income	19,014	16,573
	<u>25,193</u>	<u>25,277</u>

### 15. CREDITORS: amounts falling due after more than one year

	Group	
	2014 £'000	2013 £'000
Other creditors	840	2,240
Accruals and deferred income	180	247
	<u>1,020</u>	<u>2,487</u>

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 16. BORROWINGS

	2014 £'000	Group 2013 £'000
Bank loans and overdrafts	-	1,547
<b>Analysis of repayments:</b>		
Within one year	-	1,547
	<u>-</u>	<u>1,547</u>

### 17. PROVISIONS FOR LIABILITIES

#### STAFF SABBATICAL PROVISION

	Group £'000
At 1st January 2014	145
Utilised during the year	(145)
Adjustment to provision	<u>143</u>
At 31st December 2014	<u>143</u>

All employees, whose employment with the Group commenced before 1st January 2008, are entitled to paid sabbatical leave after every five years of full service. Employees who started after 1st January 2008 are entitled to one sabbatical after the first 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.

### 18. SHARE CAPITAL

	2014 £'000	2013 £'000
<b>Alloted, called up and fully paid</b>		
600,000 Ordinary Shares of £1 each	600	600
	<u>600</u>	<u>600</u>

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 19. RESERVES

#### (a) GROUP

	Profit and loss account £'000	Share premium £'000	Other reserves £'000	Total £'000
At 1 January 2014	6,082	5,850	1,673	13,605
Net exchange adjustments	(40)	-	-	(40)
Profit for the year	3,334	-	-	3,334
Dividends payable	(4,000)	-	-	(4,000)
At 31 December 2014	5,376	5,850	1,673	12,899

#### (b) COMPANY

	Profit and loss account £'000	Share premium £'000	Revaluation reserve £'000	Total £'000
At 1 January 2014	-	-	-	-
Profit for the year	4,000	-	-	4,000
Dividends payable	(4,000)	-	-	(4,000)
At 31 December 2014	-	-	-	-

### 20. PROFIT AND LOSS ACCOUNT

In accordance with the exemption allowed by Section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account. The profit after tax and dividends for the year, dealt with in the financial statements of the Company was £4,000,000 (2013: £2,000,000).

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Opening shareholders' funds	14,205	13,680	600	600
Profit/(loss) for the year	3,334	2,515	-	-
Dividends received	-	-	4,000	2,000
Dividends paid	(4,000)	(2,000)	(4,000)	(2,000)
Other recognised gains and (losses) relating to the year (shown in STRGL)	(40)	10	-	-
Closing shareholders' funds	13,499	14,205	600	600

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

### 22. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2014 £'000	2013 £'000
Operating profit	5,708	5,662
Depreciation and amortisation charges	3,908	4,059
Decrease/(Increase) in debtors	7	(275)
(Decrease)/Increase in creditors	2,477	1,272
(Decrease) in provisions	(2)	1,494
Net cash flow from operating activities	12,098	12,212
Net cash inflow from operating activities comprises		
Continuing operating activities	12,439	13,028
Discontinued operating activities	(341)	(816)
	12,098	12,212

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

#### Returns on investment and servicing of finance

	2014 £'000	2013 £'000
Interest received	29	17
Interest paid	(108)	(199)
Dividends paid to minority shareholders	-	(17)
Net cash flow from operating activities	(79)	(199)

#### Taxation

	2014 £'000	2013 £'000
UK Corporation Tax paid	(2,603)	(1,800)

#### Capital expenditure

	2014 £'000	2013 £'000
Payments to acquire tangible fixed assets	(1,121)	(872)

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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

#### Acquisitions and disposals

	2014 £'000	2013 £'000
Purchases of subsidiary undertakings	(335)	(3,239)
Cash received from businesses sold	166	238
Sale of interest in a joint venture	-	(34)
Purchase of interest in an associate	-	(691)
	<u>(169)</u>	<u>(3,726)</u>

#### Financing

	2014 £'000	2013 £'000
Repayment of short term bank borrowings	(1,547)	(1,746)
Repayment of other short term borrowings	(1,000)	-
Repayment of other long term borrowings	(900)	-
Repayment/(issue) of loan to related party	(140)	209
	<u>(3,587)</u>	<u>(1,537)</u>

### 24. ANALYSIS OF CHANGES IN NET DEBT

	At 1st January 2014 £'000	Cash flow £'000	Non cash Changes £'000	At 31st December 2014 £'000
Cash in hand, at bank	6,611	539	-	7,150
Debt due after one year	(2,000)	900	500	(600)
Debt due within one year	(2,547)	2,547	(500)	(500)
Loan received from related party	-	-	-	-
Issue of loan to related party	40	140	-	180
	<u>(4,507)</u>	<u>3,587</u>	<u>-</u>	<u>(920)</u>
Total	<u>2,104</u>	<u>4,126</u>	<u>-</u>	<u>6,230</u>

## DENNIS PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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#### 25. OTHER FINANCIAL COMMITMENTS

At the year end the Group had annual commitments under non-cancellable operating leases relating to land and buildings as set out below:-

	Group	
	2014	2013
	£'000	£'000
Operating leases which expire:		
Within one year	25	72
Between two and five years	1,319	1,279
After more than five years	-	-
	<u>1,344</u>	<u>1,351</u>

#### 26. CONTINGENT LIABILITIES

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

The bank has a legal charge over the trademark to certain magazines of the Group which were licensed by the Executors of the Felix Dennis Estate and Dennis Holdings Limited during the year ended 31st December 2014.

#### 27. TRANSACTIONS WITH DIRECTORS

Mr. Felix Dennis, the chairman and controlling shareholder of the parent Company and Group, owned the copyright to certain of the Group's magazines and licensed the publication rights of these to the Group. On 4<sup>th</sup> June 2014, Mr Dennis sold some of these rights to Dennis Holdings Limited, a company 100% owned by him. The total royalty paid for the year ended 31<sup>st</sup> December 2014 relating to these licence agreements was £2,360,158 (2013: £2,335,810), of which £914,516 was paid to Mr Dennis and £1,445,562 was paid to Dennis Holdings Limited. Upon Mr Dennis' death, on 22<sup>nd</sup> June 2014, the control of Dennis Holdings Limited transferred to the Executors of the Felix Dennis Estate.

The total royalty paid on the remaining licence agreements held directly by Mr Dennis was £1,255,077 (2013: £1,194,833). Upon his death rights to these licence agreements were transferred to the Executors of the Felix Dennis Estate.

At 31<sup>st</sup> December 2014 the company owed £79,060 (2013: £38,848) to the Executors of the Felix Dennis Estate.

In the year, a dividend of £4m (2013: £2m) was declared to the chairman and controlling shareholder of the Group, Mr Felix Dennis.

# DENNIS PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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### 28. RELATED PARTIES

During the year the Group entered into transactions, at arm's length prices, with the following companies in which it has a material interest as shareholder: Dovetail Services (UK) Limited, Pouncer Media Limited and Contentment Limited.

Subscription bureau and other subscription cost charges of £1,232,008 (2013: £1,191,198) were made by Dovetail Services (UK) Limited to the Group.

The company made a £125,125 (2013: £125,000) donation to the 'Heart of England Forest' charity. Mr I.G.H. Leggett acts as a trustee for this charity, as did Mr Dennis until his death.

The total amounts due from and owed to related parties by the Group at 31st December 2014 were as follows: -

	2014 £'000	2013 £'000
<b>Included within other debtors:</b>		
Dovetail Services (UK) Limited	650	650
The Week Publications Inc *	45	40
	<hr/>	<hr/>
<b>Included within other creditors:</b>		
First Post Newsgroup IPR Limited	35	35
Dennis Holdings Limited *	186	-
Pouncer Media Limited	30	129
	<hr/>	<hr/>
<b>Included within trade creditors:</b>		
Dovetail Services (UK) Limited	-	69
Dennis Holdings Limited *	216	-
	<hr/>	<hr/>

\* Companies 100% owned by the Executors of the Felix Dennis Estate.

During the period Dennis Publishing Limited loaned £300,000 to Dennis Buyacar Limited for the acquisition of the trade and assets of the buyacar.co.uk website. Dennis Publishing Limited also recharged Dennis Buyacar Limited £34,893 of costs relating to the acquisition and a further £83,073 primarily for staff costs. At 31<sup>st</sup> December 2014 an intercompany balance of £117,966 was owed from Dennis Buyacar Limited to Dennis Publishing Limited.

Transactions between the Company and its wholly owned subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

## DENNIS PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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#### 29. MINORITY INTERESTS

	2014 £'000	2013 £'000
At 1st January 2014	-	29
Share of loss on ordinary activities after taxation	(21)	-
Provision	21	-
Dividends paid	-	(17)
Reduction of minority interest on acquisition of shares	-	(12)
At 31st December 2014	<u>-</u>	<u>-</u>

#### 30. POST BALANCE SHEET EVENTS

On 8th January 2015 the Group acquired the trade of Cross Stitcher, Cross Stitch Collection and Your Family Tree magazines from Immediate Media Company Bristol Limited, for an initial cash payment of £416,393.

Since the year end there have been no other events that require specific mention in these financial statements.

#### 31. CONTROLLING PARTY

The ultimate controlling party was Mr. Felix Dennis until his death on 22<sup>nd</sup> June 2014, from which point the control rests with The Executors of the Felix Dennis Estate.