DENNIS PUBLISHING (UK) LIMITED

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2017

DENNIS PUBLISHING (UK) LIMITED

CONTENTS

DENNIS PUBLISHING (UK) LIMITED

COMPANY INFORMATION

Directors:	S.M. Goldberg I.G.H Leggett R.J. Pountain
Auditors:	Bright Grahame Murray Emperor's Gate 114a Cromwell Road London SW7 4AG
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:	31-32 Alfred Place London WC1E 7DP
Company Number:	03870844

Fair Review of the Group's Business

1. Activities

The Dennis Publishing (UK) Limited Group is engaged in the publication, promotion and sale (where applicable) of magazines, digital magazines, new and used cars, mobile apps, websites and ecommerce.

2. Business Review

The results for the year are set out on page 10 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.

	2017	2016
Total turnover	**£107.7m**	£94.1m
Operating profit from operations Operating profit before amortisation, royalties* and exceptional items¤.	**£14.6m**	£12.3m
Operating profit from operations as a % of turnover Operating profit before amortisation, royalties* and exceptional items¤ as a % of turnover	13.6%	13.1%
EBITDAER	£15.7m	£13.0m
Earnings before Interest, Tax, Depreciation, Amortisation, Exceptional items¤ and Royalties*.		
EBITDAER as a % of turnover	14.6%	13.9%

* A description and the amount of the royalty cost is given in Note 22
¤ The items considered to be exceptional by the directors are covered in Note 4.

The Group continues to grow and deliver improved trading profitability from an increasingly diverse range of trading activities. Our key measure of profitability, EBITDAER was up 21% on last year, despite more challenging trading in some sectors, particularly the automotive sector as a result of falling new car sales. EBITDAER margin was also up from 13.9% to 14.6% of turnover. In May 2017, the Group moved its headquarters to new premises at 31 – 32 Alfred Place London, incurring exceptional one-off additional property costs of £1.25m. The Group made substantial investments in technical infrastructure in the new building and believe these will enhance productivity in future years.

As a result of the strong profitability delivered by the Group, the Board decided to donate £5m to the Heart of England Forest charity in December 2017. This and the other items considered to be exceptional by the Directors are shown in Note 4.

Business Review (continued)

In July 2017 the group acquired a 100% shareholding in Moneyweek Limited, publisher of Moneyweek magazine. This new title is an excellent fit with our portfolio of Current Affairs titles including The Week and The Week Junior and will deliver a positive contribution to profits in 2018.

The group continues to invest in new products and as a result of these investments and the diversification of its business, the directors believe the Group is well placed to deliver strong results in future years.

The directors are satisfied with the results for the year and the group's balance sheet at the year end.

2. Post Balance Sheet Events

In October 2018, Dennis Publishing (UK) Limited sold Dennis Publishing Limited and all of its subsidiaries to Exponent Private Equity Partners IV, LP, a Private Fund Limited Partnership incorporated in England and Wales.

3. Principal risks and uncertainties

The key risks and uncertainties facing the Group are listed below

Changing consumer preferences

An increasing share of digital distribution has resulted in changing consumer media consumption habits, with the consumption of printed media generally decreasing. Changing preferences have the potential to negatively impact the circulation, subscription and advertising revenues generated from printed media. Whilst Dennis's product portfolio has substantially out-performed the wider printed media market in the recent past, the nature and extent of further changes in consumer preferences is by nature uncertain and may negatively impact our business.

Increasing fragmentation and competitive pressure on online advertising

As the barriers to entry for web publishing lower, an increasingly large amount of content becomes available to users. This oversupply places a downward pressure on internet advertising yields although this is balanced by the improved response rate of specialised environments such as motoring and technology reviews.

The rise of social media as an advertising platform is also causing online advertising spend to move increasingly to these platforms, especially Google and Facebook.

UK economic situation

Even though the UK economic situation is currently stable, there continued to be additional political and economic uncertainty in 2017 as a result of the UK's decision to exit the EU. This has had a measurable negative effect on consumer confidence which in turn may affect our trading in 2018 and beyond.

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. 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.

Signed on behalf of the directors

Director
IAN LEGGETT

Approved on 12/10/2018

The Directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31st December 2017.

The current directors are listed on page 1. The following changes were made to the Board of Directors during and after year-end.

R.J. Pountain (Appointed 11th January 2017)
I.G.H. Leggett (Appointed 26th July 2018)
S.M. Goldberg (Appointed 26th July 2018)
M. Darcey (Appointed 12th February 2018 & resigned 3rd October 2018)
B.W. Reynolds (Resigned 26th July 2018)
K.J. O'Connor (Resigned 26th July 2018)
J.A. Tye (Resigned 26th July 2018)

Results

The group's loss after tax for the year amounted to £3.767m.

Strategic Report

The strategic report can be found on pages 2 to 4. This contains the business review, details of the group's risks and uncertainties and employee policies.

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.

Auditor

A resolution to re-appoint Messrs. Bright Grahame Murray, Chartered Accountants of Emperor's Gate, 114a Cromwell Road, London SW7 4AG, as auditor to the Group 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

Director
IAN LEGGETT

Approved on 12 | 10 | 2018

Opinion

We have audited the financial statements of Dennis Publishing (UK) Limited (the 'parent') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise of the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Bright Grahame Murray

MARK COLE
Senior Statutory Auditor
For and on behalf of
BRIGHT GRAHAME MURRAY
Chartered Accountants & Statutory Auditor
Emperor's Gate
114a Cromwell Road
London
SW7 4AG

25th October 2018

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2017

	Notes	2017			2016		
		Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Turnover	3	**107,731**	-	**107,731**	92,599	1,552	94,151
Cost of sales		**(60,332)**	-	**(60,332)**	(47,016)	(2,982)	(49,998)
Gross profit		**47,399**	-	**47,399**	45,583	(1,430)	44,153
Administrative expenses		**(33,077)**	-	**(33,077)**	(31,154)	(1,313)	(32,467)
Distribution expenses		**(6,662)**	-	**(6,662)**	(6,298)	(43)	(6,341)
Restructuring costs	4	**(554)**	-	**(554)**	(2,437)	-	(2,437)
Property Move Cost	4	**(1,253)**	-	**(1,253)**			
Long Term Incentive	4	**(4,846)**	-	**(4,846)**			
Charitable donations	4	**(5,135)**	-	**(5,135)**	-	-	-
OPERATING (LOSS)/ PROFIT		**(4,128)**	-	**(4,128)**	5,694	(2,786)	2,908
Share of operating (loss) of Joint Ventures	11b	**(3)**	-	**(3)**	-	-	-
Closure costs of Joint Venture	15	**-**	**573**	**573**	-	(3,600)	(3,600)
Share of operating (loss) of Associates	11c	**-**	**-**	**-**	(148)	-	(148)
TOTAL OPERATING (LOSS)/ PROFIT: GROUP AND SHARE OF JOINT VENTURES AND ASSOCIATES	4	**(4,131)**	**573**	**(3,558)**	5,546	(6,386)	(840)
Interest receivable - Group	7	**6**	-	**6**	51	-	51
Interest payable - Group	7	**(8)**	-	**(8)**	-	-	-
Interest payable - Joint Ventures	7	**(4)**	-	**(4)**	-	-	-
Net interest receivable/(payable)		**(6)**	-	**(6)**	51	-	51
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(4,137)**	**573**	**(3,564)**	5,597	(6,386)	(789)
Tax on(loss)/profit on ordinary activities	8	**(203)**	-	**(203)**	(939)	557	(382)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(4,340)**	**573**	**(3,767)**	4,658	(5,829)	(1,171)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017 £'000	2016 £'000
(Loss)/Profit for the financial year	(3,767)	(1,171)
Other comprehensive income:-		
Currency translation differences on foreign currency net investments	(1)	1
Total comprehensive income for the financial year	(3,768)	(1,170)
Attributable to:-		
Owner of the parent	(3,768)	(1,170)
Non controlling interest	-	-
	(3,768)	(1,170)

DENNIS PUBLISHING (UK) LIMITED

CONSOLIDATED BALANCE SHEET
AT 31ST DECEMBER 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible Assets	9		14,329		11,409
Tangible Assets	10		3,849		1,900
Investment in Joint Venture			28		-
			18,206		13,309
CURRENT ASSETS					
Stocks		134		13	
Debtors due in less than one year	12	14,840		12,337	
Cash at bank and in hand		8,042		14,039	
		23,016		26,389	
CREDITORS:					
Amounts falling due within one year	13	29,485		21,333	
NET CURRENT (LIABILITIES)/ ASSETS			(6,469)		5,056
TOTAL ASSETS LESS CURRENT LIABILITIES			11,737		18,365
CREDITORS:					
Amounts falling due after more than one year	14	271		165	
PROVISIONS FOR LIABILITIES	15	421		3,387	
			692		3,552
NET ASSETS			11,045		14,813
CAPITAL AND RESERVES					
Called up share capital	16		600		600
Reserves			10,445		14,213
TOTAL EQUITY			11,045		14,813

These financial statements were approved by the directors and authorised for issue on 12th October 2018 and are signed on their behalf by:

Director
IAN LEGGETT

Director
SIMON GOLDBERG

Company Registration Number 03870844

COMPANY BALANCE SHEET
AT 31ST DECEMBER 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Investments	11	**600**	600
		600	600
CAPITAL AND RESERVES			
Called up share capital	16	**600**	600
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**600**	600

These financial statements were approved by the directors and authorised for issue on 12h October 2018 and are signed on their behalf by:

Director
IAN LEGGETT

Director
SIMON GOLDBERG

Company Registration Number 03870844

DENNIS PUBLISHING (UK) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31ST DECEMBER 2017

	Called-up share capital	Share premium account	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1st January 2016	600	5,850	1,673	7,860	15,983
Loss for the financial year	-	-	-	(1,171)	**(1,171)**
Other comprehensive income:					
Currency translation on foreign currency net investments	-	-	-	1	1
Total comprehensive income for the year	-	-	-	(1,170)	**(1,170)**
At 31st December 2016	600	5,850	1,673	6,690	**14,813**
Loss for the financial year	-	-	-	(3,767)	**(3,767)**
Other comprehensive income:					
Currency translation on foreign currency net investments	-	-	-	(1)	**(1)**
Total comprehensive income for the year	-	-	-	(3,768)	**(3,768)**
At 31st December 2017	600	5,850	1,673	2,922	**11,045**

COMPANY STATEMENT OF CHANGES IN EQUITY
AT 31ST DECEMBER 2017

	Called-up share capital	Share premium account	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1st January 2016	600	-	-	-	600
Profit for the financial year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
At 31st December 2016	600	-	-	-	**600**
Profit for the financial year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
At 31st December 2017	600	-	-	-	**600**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Notes	2017 £'000	2016 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	19	4,208	9,352
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	10(a)	(2,996)	(1,167)
Interest received	7	6	51
Purchases of trading investments		(3,593)	-
Acquisition of investment in joint venture		(35)	-
Issue of loan		(675)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(7,293)	(1,116)
CASH FLOWS FROM FINANCING ACTIVITIES			
Closure of joint venture		(2,377)	
Interest paid		(8)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2,385)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,470)	8,236
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14,039	5,803
Effect of foreign exchange rate changes		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		8,569	14,039

1. ACCOUNTING POLICIES

General information and basis of accounting

Dennis Publishing (UK) Limited is a company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS102) and the Companies Act 2006.

The functional currency of Dennis Publishing (UK) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling, rounded to the nearest thousand. Foreign operations are included in accordance with the policies set out below.

Dennis Publishing (UK) Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken at a company level in relation to presentation of a cash flow statement, financial instrument disclosures and remuneration of key management personnel.

Basis of consolidation

The Group financial statements consolidate the financial statements of Dennis Publishing (UK) Limited with all of its subsidiary undertakings, together with the group's share of associates and joint ventures, drawn up to 31st December each year.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it is has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of joint ventures and associates are accounted for using the equity method of accounting.

Any subsidiary undertakings, joint ventures or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Any losses attributable to non-controlling interests are provided for when the directors' believe that these are not recoverable.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The group has elected not to restate business combinations pre transition which are being amortised over 20 years.

1. ACCOUNTING POLICIES (continued)

Intangible assets – goodwill, magazine and other intellectual publishing rights

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is treated as purchased goodwill and is capitalised and written off on a straight line basis over its useful economic life.

In accordance with Section 35 of FRS102, Section 19 of FRS102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

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.

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. The amortisation charge is included within administrative expenses on the Consolidated Profit and Loss account.

Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1. ACCOUNTING POLICIES (continued)

Depreciation and amortisation

Tangible fixed assets are initially stated at cost, net of depreciation and any provision for impairment. 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. Amortisation is provided on intangible assets and is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. The rates used to calculate depreciation and amortisation are as follows:

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% - 25% straight line basis

*Digital apps are included within computer software and hardware. These are depreciated on a 33% - 50% straight line basis.

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.

In the Group financial statements investments in associates are accounted for using the equity method. Investments in joint ventures and associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint venture or associate. Goodwill arising on the acquisition of joint ventures or associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

1. ACCOUNTING POLICIES (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 using tax rates and laws enacted or substantively enacted at the balance sheet date and that are expected to apply to the reversal of timing differences.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control of the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover represents billings to customers for print and digital advertising, newsstand sales, subscriptions revenues, magbook sales, digital copy sales, new and used cars, events, licensing revenues and ecommerce.

1. ACCOUNTING POLICIES (continued)

Income associated with an issue of a magazine is recognised in the profit and loss account in the month the magazine is published. 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.

Car sales income is recognised in the profit and loss account at the point the car is delivered to the customer.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

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 at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Operating Leases

Rentals paid under operating leases, including any lease incentives received, are charged to income on a straight line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Long term incentive plans

The Group operates cash-settled long term incentive plans at an operating business level for certain members of management. The plans are based on the business's performance over a four year period against an adjusted cumulative operating profit measure. A liability for the plan is raised on the estimated amount payable based on the incentive scheme terms, once the Directors are sufficiently certain a liability will arise.

Retirement benefits

The Group 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.

1. ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when a group company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

(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, AUS 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.

1. ACCOUNTING POLICIES (continued)

(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.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key Sources of Judgement and Estimation Uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provisions

Provisions are liabilities that are uncertain as to timing or amount, and are recognised when there is a legal or constructive obligation at the balance sheet date and it is probable that a transfer of economic benefits will be required to settle that obligation.

These provisions require management's best estimate of costs that will be incurred based on legal and contractual requirements. In addition, the timing of the cash flows require management's judgement.

Determining the useful economic lives of Intangible Fixed Assets

The Group depreciates intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The Group also take due notice of the generally accepted treatments in place within their industry when determining those useful lives.

The actual lives of these assets can vary depending on a variety of factors, including technological innovation and product life cycles.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Establishing recoverable values of impaired assets

At a group level, the carrying value of goodwill, joint ventures and associates are reviewed for impairment on an annual basis and also whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Loans and receivables are evaluated based on collectability.

3. TURNOVER AND SEGMENTAL ANALYSIS

Principal activity

The Group's principal area of activity is in the publication, promotion and sale (where applicable) of magazines, digital magazines, new and used cars, mobile apps, websites and ecommerce.

Sales to third parties	**2017 £'000**	**2016 £'000**
United Kingdom	98,195	81,787
Europe	5,234	6,807
Other	4,302	5,557
Total	**107,731**	94,151

Analysis of Group turnover by category	**2017 £'000**	**2016 £'000**
Sale of Goods including motor vehicle ecommerce	74,535	58,858
Services	31,688	33,370
Royalties	1,379	1,558
Commissions	129	365
	107,731	94,151

4. OPERATING PROFIT

This is stated after charging:	**2017 £'000**	**2016 £'000**
Depreciation of tangible fixed assets	**1,047**	696
Amortisation of goodwill*	**2,252**	2,076
Amortisation of intellectual property rights*	**1,087**	1,087
Amortisation of joint ventures and associates	**3**	148
Operating lease rentals	**2,311**	2,254
Exceptional charitable donation (see note 22)	**5,135**	-
Exceptional Property Move Cost ¤	**1,253**	2,437
Exceptional Long Term Incentive Cost ²	**4,846**	3,600
Exceptional Restructuring costs	**554**	-
Exceptional Closure costs of joint venture (see note 11c)	**(573)**	-

4. OPERATING PROFIT (continued)

* Amortisation of intangible assets is included in administrative expenses
ᴰ The Company moved its head office to 31-32 Alfred Place in May 2017, incurring one-off moving costs as a result.
ᶦ A provision for long term incentive costs due to employees was made in 2017, as it is now sufficiently certain that the incentive targets will be hit.

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

	2017 £'000	2016 £'000
Fees payable to the company auditor for the audit of the parent company and consolidated accounts	**54**	46
Fees payable to the company auditor for the audit of the subsidiary companies	**21**	15
Fees payable to the company auditor for other services: Tax services	**24**	20
	99	81

5. DIRECTORS' EMOLUMENTS

	2017 £'000	2016 £'000
Aggregate emoluments	1,190	803
Compensation for loss of office	-	1,053
Amounts receivable (other than shares and share options) under long term incentive schemes	2,625	-
Group pension contributions to money purchase schemes	21	14
	3,836	1,870
Remuneration of highest paid director		
Aggregate emoluments	**1,663**	1,112
Group pension contributions to money purchase schemes	**9**	-
Emoluments	**1,672**	1,112

These emoluments are the amounts earned by the directors of Dennis Publishing Limited who also served as directors of Dennis Publishing (UK) Limited during the year. Two of the directors who served during the year accrued pension benefits in both 2017 and 2016.

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

6. STAFF COSTS (including directors)

	2017 £'000	2016 £'000
Wages and salaries	**24,747**	22,761
Social security costs	**2,742**	2,238
Pension contributions	**455**	457
	27,944	25,456

Average number of monthly employees during the year	2017 No.	2016 No.
Administrative and editorial	**285**	297
Sales and distribution	**130**	133
	415	430

7. INTEREST PAYABLE & RECEIVABLE

	2017 £'000	2016 £'000
Bank interest received	**6**	36
Interest received on loan to related party	-	15
Group interest receivable	**6**	51
Interest payable on loan from related party	**(8)**	-
Group interest and similar charges payable	**(8)**	-
Share of joint venture interest payable	**(4)**	-
Net joint venture interest payable	(4)	-

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

(a) Current taxation

	2017 £'000	2016 £'000
UK Corporation tax based on the results for the year	**815**	998
Adjustments in respect of prior periods	**(408)**	(283)
	407	715
Double taxation relief	**(13)**	-
Consortium relief	**(191)**	(333)
Taxation on (loss)/profit on ordinary activities	**203**	382

Included in current taxation is £nil (2016: £nil) 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 19.25% (2016 20%). The actual charges for the current and previous periods differ from the standard rate for the reasons set out in the following reconciliation:

	2017 £'000	2016 £'000
(Loss)/profit on ordinary activities before taxation	**(3,564)**	(789)
Taxation on (loss)/profit on ordinary activities at standard rate	**(680)**	(158)
Factors affecting the current taxation charge for the period		
Capital allowances less than/(in excess of) depreciation	**(43)**	(49)
Utilisation of taxation losses	**(6)**	(40)
Other timing differences	**1**	-
Expenses not deductible for taxation purposes	**980**	795
Amortisation	**481**	466
Adjustments to provisions	**(131)**	(1)
Group income not taxable	**-**	(15)
Relief for losses brought forward	**(2)**	-
Losses carried forward	**215**	-
Double taxation relief	**(13)**	-
Adjustments in respect of prior periods	**(408)**	(283)
Consortium Relief	**(191)**	(333)
Total actual amount of current taxation	**203**	382

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

(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. The group has total losses of £8.1m which are available to offset future taxable profits. No asset has been recognised in respect of these losses as the timing and extent of their use cannot be reliably estimated.

Under UK GAAP, deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is settled, with reference to tax rates enacted at the balance sheet date.

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill	Magazine and other Intellectual Publishing Rights	Total
	£'000	£'000	£'000
Cost:			
At 1st January 2017	29,663	13,392	**43,055**
Additions - separately acquired	6,259	-	**6,259**
Disposals	-	-	-
At 1st January and 31st December 2017	35,922	13,392	**49,314**
Amortisation			
At 1st January 2017	20,468	11,178	**31,646**
Provided during the year	2,252	1,087	**3,339**
Disposals	-	-	-
At 31st December 2017	22,720	12,265	**34,985**
Net book value:			
At 31st December 2017	13,202	1,127	**14,329**
At 31st December 2016	9,195	2,214	11,409

The individual assets that are material to the Group financial statements are:

	Carrying Value 2017 £'000	Carrying Value 2016 £'000	Remaining Amortisation Years
The Week	**5,507**	4,978	9
Moneyweek	**4,894**	-	9
Evo	**1,773**	2,027	7
PC Pro	**490**	996	1

9. 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. During the year ended 31 December 2017, the Group purchased 100% of the share capital of Moneyweek Limited and increased the value of its investment in The Week Limited by £1,089,130 through the settlement of an outstanding contractual agreement.

Details of the investment in Moneyweek Limited are as follows:-

On 6th July 2017, The Week Limited, which is 100% owned by Dennis Publishing Limited, purchased Moneyweek Limited.

Analysis of the investment:-

	Book/Fair Value £'000
Debtors	887
Creditors	(2,101)
Net assets	(1,214)
Additional goodwill arising on acquisition	5,170
	3,956
Satisfied by:	
Cash consideration	3,863
Legal and professional fees	93
Total cost	3,956

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.

10. TANGIBLE FIXED ASSETS

Group

	Leasehold Improvements	Fixtures, Fittings and Equipment	Computer Software and Hardware	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1st January 2017	1,266	651	8,767	**10,684**
Additions	1,496	448	1,052	**2,996**
Disposals	-	-	(189)	**(189)**
At 31st December 2017	2,762	1,099	9,630	**13,490**
Depreciation				
At 1st January 2017	1,194	597	6,993	**8,784**
Charge for the year	84	75	888	**1,047**
Released on disposals	-	-	(189)	**(189)**
At 31st December 2017	1,278	672	7,692	**9,642**
Net book value:				
At 31st December 2017	1,484	427	1,938	**3,849**
At 31st December 2016	*72*	*54*	*1,774*	*1,900*

11. FIXED ASSET INVESTMENTS

(a) Company

	Shares in subsidiary undertakings
	£'000
Cost:	
At 1st January 2017 and at 31st December 2017	600

11. FIXED ASSET INVESTMENTS (continued)

(a) At 31st December 2017 the Group 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 Holdings (UK) Limited and Bigdish UK Limited, which have a 31st March accounting reference date. The companies listed are the subsidiaries, joint ventures and associates of the group. All of the subsidiaries below are included in the consolidated accounts.

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

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
Moneyweek Limited	Ordinary	100%	Publishers
First Post Newsgroup Limited	Ordinary	100%	Publishers
DOG Holdings Limited	Ordinary	100%	Web Portals
Den of Geek World Limited	Ordinary	50%	Web Portals
Dovetail Services Holdings (UK) Limited	Ordinary	50%	Subscription fulfilment
Bigdish UK Limited	Ordinary	38%	Internet business
Dennis Interactive Inc.	Ordinary	100%	Publishers
Dennis Buyacar Limited	Ordinary	85%	Car sales website
Dennis Interactive Limited	Ordinary	100%	Dormant
Euphoria (Holdings) Limited	Ordinary	100%	Dormant
Euphoria Limited	Ordinary	100%	Dormant

11. FIXED ASSET INVESTMENTS (continued)

(b) On 8th 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 1st November 2011 BBC Worldwide Limited sold their 50% share to Immediate Media Company London Limited.

In late 2016, Dennis Publishing Limited and Immediate Media Company London Limited decided not to renew this joint venture and close Dovetail Services Holdings (UK) Limited. Dennis Publishing had a constructive obligation at 31st December 2016 to fund 50% of the costs of the closure and therefore recognised a full provision for its share of those costs in 2016. There has been a reversal of part of this provision in 2017 now that the full cost of closure is known. The total of the closure costs is disclosed in note 4 and the remaining provision is disclosed in note 15.

On 2nd August 2017 a subsidiary of the Company entered into a joint venture with DoG Tech LLC acquiring a 50% interest in Den of Geek World Limited the principal activity of which is the ownership, administration and management of the Den of Geek IP.

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 Limited	Den of Geek World Limited	Total
	£'000	£'000	£'000
Share of operating profit of joint ventures on the face of the p&l			
Share of joint venture operating profit/(loss) for the year before interest, tax and dividends	-	-	-
Less: Amortisation	-	(3)	(3)
Share of operating profit of joint ventures 2017	**-**	**(3)**	**(3)**
Share of operating profit of joint ventures 2016	(148)	-	(148)

ii) The carrying value of the Group's investment in Den of Geek World is as follows:

	2017	
	£'000	£'000
Goodwill addition		35
Share of operating (loss)/profit	-	
Amortisation of goodwill	(3)	
Share of operating loss of joint venture		(3)
Share of JV interest receivable		(4)
At 31st December 2017		28

11. FIXED ASSET INVESTMENTS (continued)

(c) On 20th August 2012 and 4th December 2012 the Group acquired shares in Bigdish UK Limited (formerly Pouncer Media Limited), giving them a 30% interest in its ordinary share capital, the principal activity of which is web based.

On 8th May 2013 and 23rd July 2013 the Group acquired further shares in Bigdish UK Limited. Its total interest in the ordinary share capital is 37.74% as at 31st December 2017.

The Group's share of operating profit and losses attributable to Bigdish UK Limited is £nil (2016: £nil).

The carrying value of the Group's investment in Bigdish UK Limited is as follows:

	Total £'000
Cost	
At 1st January & 31st December 2017	1,059
Amortisation	
At 1st January & 31st December 2017	(693)
Share of post acquisition profits/(losses)	
At 1st January & 31st December 2017	(366)
Net Book Value	
At 1st January & 31st December 2017	-

12. DEBTORS

	Group	
	2017	**2016**
Amounts due within one year:	**£'000**	**£'000**
Trade debtors	**8,481**	8,165
Corporation tax	**525**	-
Other debtors	**1,810**	352
Prepayments and accrued income	**4,024**	3,820
	14,840	12,337
Amounts due after more than one year:		
Other debtors	-	-
	-	-

13. CREDITORS: amounts falling due within one year

	Group	
	2017	**2016**
	£'000	**£'000**
Trade creditors	**4,386**	2,939
Corporation tax	-	315
Other taxes and social security costs	**802**	823
Other creditors	**2,717**	638
Accruals and deferred income	**21,580**	16,618
	29,485	21,333

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

	Group	
	2017	**2016**
	£'000	**£'000**
Accruals and deferred income	**271**	165
	271	165

15. PROVISIONS FOR LIABILITIES

Group

	Sabbatical	**Provision for closure of joint venture**	**Total**
	£'000	**£'000**	**£'000**
At 1st January 2017	137	3,250	3,387
Utilised during the year	(137)	(2,377)	(2,514)
Adjustment to provision	121	(573)	(452)
At 31st December 2017	121	300	421

i) Sabbatical provision

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.

15. PROVISIONS FOR LIABILITIES (continued)

ii) Provision for closure of joint venture

The remaining provision for the closure of the joint venture, Dovetail Services Holdings (UK) Limited, as explained in note 11(c).

16. SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
600,000 Ordinary Shares of £1 each	**600**	600
	600	600

17. RESERVES

Called-up share capital

This represents the nominal value of shares that have been issued.

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

This includes excess of par values of shares of merged company acquired over consideration and the share premium accounts of the merged company from a group re-organisation on 10th November 1999. Also, additional investment in The Week Limited in the year ended 31st December 2001 led to a deemed disposal on consolidation. This was transferred to other reserves reflecting the Group's share of disposal proceeds that cannot be distributed by The Week Limited.

Profit and loss account

This includes all current and prior period retained profits and losses.

18. 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 loss after tax and before dividends for the year, dealt with in the financial statements of the Company was £nil (2016: £nil).

19. CASHFLOW STATEMENT

	2017 £'000	2016 £'000
(Loss)/profit for the financial year	**(3,767)**	(1,171)
Tax on profit on ordinary activities	**203**	382
Net interest (receivable)/expense	**2**	(51)
Loss from interests in associated undertakings	**7**	148
Closure costs of joint venture	**(573)**	3,600
Operating profit	**(4,128)**	2,908
Adjustments for:		
Depreciation and amortisation charges	**4,386**	3,859
Decrease/(Increase) in stocks	**(121)**	20
Decrease/(Increase) in debtors	**(421)**	2,222
(Decrease)/Increase in creditors	**5,515**	421
(Decrease)/Increase in provisions	**(17)**	(10)
Cash from operations	**5,214**	9,420
Income taxes paid	**(1,006)**	(68)
Net cash generated from operating activities	**4,208**	9.352

20. OTHER FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:-

	Group	
	2017 £'000	2016 £'000
Within one year	**1,508**	2,278
Between one and five years	**5,747**	5,849
After five years	**1,011**	2,385
	8,266	10,512

21. CONTINGENT LIABILITIES

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

The bank has a legal charge over the trademark to certain magazines of the Group which were licensed from the Executors of the Felix Dennis Estate and Dennis IP Limited (formerly Dennis Holdings Limited) during the year ended 31st December 2017.

22. RELATED PARTIES

The Executors of the Felix Dennis Estate, the controlling party, and Dennis IP Limited, a company also owned 100% by the Executors of the Felix Dennis Estate, own the copyright to certain of the Company's magazines and licensed the publication rights of these to the Group. The total royalty paid to the Executors of the Felix Dennis Estate for the year ended 31st December 2017 relating to these licence agreements was £1,448,837 (2016: £1,345,032). The total royalty paid to Dennis IP Limited was £2,182,286 (2016: £2,495,181).

During the year Dennis Publishing Limited 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. Subscription bureau and other subscription cost charges of £559,960 (2016: £1,120,687) were made by Dovetail Services (UK) Limited to the Group. Dennis Publishing Limited also provided funding totalling £2,153,822 towards the costs of closure of Dovetail Services (UK) Limited.

The group made a donation of £101,075 (2016: £134,767) to the 'Heart of England Forest' charity. In December 2017, the company also made an additional exceptional donation of £5,000,000 to the Heart of England Forest charity. Mr I.G.H. Leggett acts as a trustee for this charity.

During the year Dennis Publishing Limited entered into transactions, at arm's length prices, with Simons Muirhead & Burton LLP a partnership in which Mr S.M. Goldberg is a partner. Legal fees of £170,343 (2016: £100,148) were charged by Simons Muirhead & Burton to the group.

At 31st December 2017, a loan balance of £675,000 was owed to Dennis Publishing Limited from Den of Geek World Limited, a joint venture owned by one of its subsidiaries. Interest of 2.5% above the Bank of England base rate is charged on the loan. This totalled £8,797 for the year ended 31st December 2017.

The total amounts due from and owed to related parties by the Group at 31st December 2017 were as follows:-

	2017 £'000	2016 £'000
Included within other debtors:		
Dennis IP Limited*	-	118
Included within other creditors:		
First Post Newsgroup IPR Limited*	35	35
Bigdish UK Limited	15	20
The Week Publications Inc.*	21	21
Executors of the Felix Dennis Estate	1,575	183
Dennis IP Limited	773	-
Included within trade creditors:		
Mental Floss Inc*	-	49

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

22. RELATED PARTIES (continued)

During the period Dennis Publishing Limited recharged Dennis Buyacar Limited £398,134 (2016: £326,546) of management services. At 31st December 2017 an intercompany balance of £4,532,128 (2016: £3,020,998) and a loan of £302,400 (2016: £301,200) was owed from Dennis Buyacar Limited to Dennis Publishing Limited. Interest of 0.15% is charged on the intercompany balance and 0.15% below the Bank of England base rate on the loan. This totalled £6,866 (2016: £10,098) for the year ended 31st December 2017.

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

23. POST BALANCE SHEET EVENTS

At the date of signing, Dennis Publishing (UK) Limited is in the process of selling Dennis Publishing Limited and all of its subsidiaries to Exponent Private Equity Partners IV, LP, a Private Fund Limited Partnership incorporated in England and Wales. The expected completion date for this transaction is during October 2018.

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

24. CONTROLLING PARTY

The ultimate controlling party is The Executors of the Felix Dennis Estate.