

# COMPANIES HOUSE

DENNIS PUBLISHING (UK) LIMITED

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**DENNIS PUBLISHING (UK) LIMITED**  
**COMPANY INFORMATION**

**DIRECTORS:** F. Dennis (Chairman)  
A.J. Ramsay  
I.G.H. Leggett FCA(NZ) CA ACIS

**SECRETARY:** I.G.H. Leggett FCA(NZ) CA ACIS

**AUDITORS:** Bright Grahame Murray  
124/130 Seymour Place  
London  
W1H 1BG

**BANKERS:** Barclays Bank Plc  
27 Soho Square  
London  
W1A 4WA  
  
Royal Bank of Scotland Plc  
49 Charing Cross  
Admiralty Arch  
London  
SW1A 2DX

**SOLICITORS:** Messrs. Simons Muirhead and Burton  
50 Broadwick Street  
London  
W1V 1FF

**REGISTERED OFFICE:** 30 Cleveland Street  
London  
W1P 5FF

**COMPANY NUMBER:** 3870844

**DENNIS PUBLISHING (UK) LIMITED**  
**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the Company and the Group for the period ended 31st December, 2000. The company was incorporated on 29th October, 1999.

**1. ACTIVITIES**

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

**2. REVIEW OF DEVELOPMENTS**

**Results and Dividends**

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

The directors recommended and paid an interim dividend of £200,000 (£0.33 per share) leaving a retained profit for the group of £223,596 to be transferred to reserves.

The Group has continued to invest in all its magazine titles and has expanded by adding additional titles through organic growth. Throughout 2000 the Group has seen continued growth in newsstand copy sales, subscription copy sales and advertising incomes across its portfolio of magazines. The investment made by the Group has further entrenched the Group's position as a market leader in the computer magazine and men's lifestyle magazine arenas.

The Group has continued to expand its website activities to create very active and high traffic websites and these have complemented the core ink on paper business.

The interest in the company The Week Limited has continued to show improving results and is beginning to reflect the maturing position of the weekly magazine "the Week".

The Group had successfully disposed of a number of the smaller lifestyle titles negotiating the sale with a major UK publisher.

In the process of reviewing structure and financial position of the Company and Group, and recognising a need to create a greater degree of co-ordination in its activities, the Board agreed to relocate into new premises and to close the operation from its previous "two site" structure. By the second half of the year the Company and Group had revitalised its infrastructure, systems and established itself in the leased Cleveland Street premises

The Group's investment in Dennis & Beyond Limited has been closely monitored since it was acquired. It was clear to the directors that Dennis & Beyond Limited should focus on its contract publishing activities and this will be closely monitored during 2001.

**DENNIS PUBLISHING (UK) LIMITED**  
**DIRECTORS' REPORT**

**2. REVIEW OF DEVELOPMENTS (continued)**

**Financial position**

The directors are satisfied with the results for the year and the state of affairs of the Company and the Group at the balance sheet date and the position of the Company and the Group has been further strengthened in the period.

**3. FUTURE PROSPECTS**

The directors are optimistic about the long term prospects for continued growth in turnover of the Group. A number of launches have been undertaken in search of the new and appropriate revitalisation of the Group's magazine portfolio. The directors will continue to focus the business on areas they consider will generate long term profitability.

**4. FIXED ASSETS**

The changes in fixed assets during the year are summarised in Notes 10, 11, and 12 to the financial statements.

**5. DIRECTORS AND THEIR INTERESTS**

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

	<u>At 31st December, 2000</u>	<u>At 29th October, 1999</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
	<u>of £1 each</u>	<u>of £1 each</u>
F. Dennis	599,988	1

A.J. Ramsay and I.G.H. Leggett had no interest in the share capital of the Company at either of the above dates.

**6. EMPLOYEES**

All employees receive equal opportunities for training and career development. Handicapped and disabled people are given the same consideration as others when they apply for employment where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

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

**7. INTRODUCTION OF THE EURO**

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

**DENNIS PUBLISHING (UK) LIMITED**  
**DIRECTORS' REPORT**

**8. POST BALANCE SHEET EVENTS**

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

**9. CHARITABLE DONATIONS**

During the year, the Group made various charitable donations totalling £5,955 (1999: £10,833).

**10. STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

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

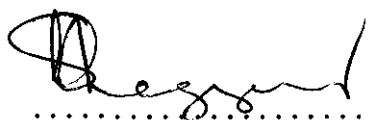
- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare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

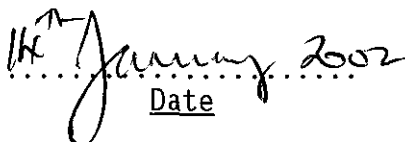
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding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

**11. AUDITORS**

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

By order of the Board

  
.....  
Secretary

  
.....  
Date

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

We have audited the financial statements of Dennis Publishing (UK) Limited for the year ended 31st December 2000 which comprise the group profit and loss account, the group balance sheet the company balance sheet and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and group, consistently applied and adequately disclosed.

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

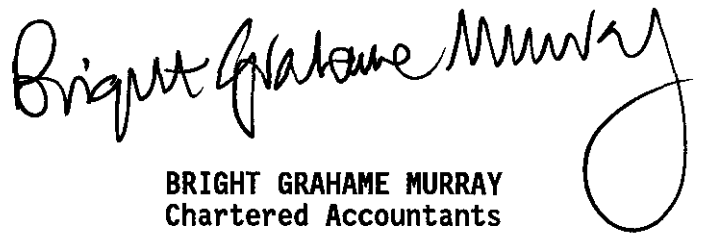
**BASIS OF OPINION (Continued)**

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

**OPINION**

In our opinion the financial statements give a true and fair view of the affairs of the company and group as at 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

124/130, Seymour Place,  
London, W1H 1BG.  
21st January, 2002



**BRIGHT GRAHAME MURRAY**  
**Chartered Accountants**  
**and Registered Auditors**

**DENNIS PUBLISHING (UK) LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

	Notes	£	2000 £	£	1999 £
<b>TURNOVER</b>	2		56,082,795		56,287,835
Cost of sales			(33,087,632)		(32,681,611)
Gross profit			22,995,163		23,606,224
Net operating expenses	3		(22,311,846)		(22,227,473)
<b>OPERATING PROFIT</b>	4		683,317		1,378,751
Share of operating loss of associated undertaking	12		(12,710)		-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>			670,607		1,378,751
Interest receivable		379,348		647,380	
Interest payable	7	(43,565)		(41,352)	
			335,783		606,028
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			1,006,390		1,984,779
Tax on profit on ordinary activities	8		(582,794)		(993,900)
<b>PROFIT FOR THE FINANCIAL YEAR</b>			423,596		990,879
Dividends	9		(200,000)		(1,850,000)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	21		223,596		(859,121)
			=====		=====

All amounts relate to continuing activities.


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

The attached notes on pages 11 to 26 form part of these financial statements.



**DENNIS PUBLISHING (UK) LIMITED**  
**GROUP BALANCE SHEET AT 31ST DECEMBER, 2000**

	Notes	2000	1999
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	3,727,581	5,093,799
Tangible assets	11	3,702,973	1,590,628
Investments	12	-	-
		<u>7,430,554</u>	<u>6,684,427</u>
<b>CURRENT ASSETS</b>			
Stocks	14	526,587	450,826
Current asset investments	13	500,000	-
Debtors	15	13,803,508	15,860,965
Cash at bank and in hand		<u>4,836,380</u>	<u>5,997,424</u>
		<u>19,666,475</u>	<u>22,309,215</u>
<b>CREDITORS:</b> amounts falling due within one year	16	<u>17,272,909</u>	<u>19,514,400</u>
<b>NET CURRENT ASSETS</b>		<u>2,393,566</u>	<u>2,794,815</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,824,120</u>	<u>9,479,242</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17	380,719	310,374
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	<u>225,297</u>	<u>174,360</u>
		<u>606,016</u>	<u>484,734</u>
		<u>9,218,104</u>	<u>8,994,508</u>
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	600,000	600,000
Reserves	21	<u>8,618,104</u>	<u>8,394,508</u>
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	23	<u>9,218,104</u>	<u>8,994,508</u>
		=====	=====

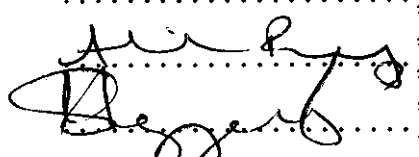
.....)  
  
 .....)  
Directors

Approved on: 14<sup>th</sup> January 2002

The attached notes on pages 11 to 26 form part of these financial statements.

**DENNIS PUBLISHING (UK) LIMITED**  
**COMPANY BALANCE SHEET AT 31ST DECEMBER, 2000**

	<u>Notes</u>	<u>2000</u> £
<b>FIXED ASSETS</b>		
Investments	12	600,000
		-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		600,000
		=====
 <b>CAPITAL AND RESERVES</b>		
Called up share capital	20	600,000
		-----
<b>SHAREHOLDERS' FUNDS - EQUITY</b>		600,000
		=====

.....)  
 .....)  
 .....)  
 .....)  
Directors

Approved on. 14<sup>th</sup> January 2002

The attached notes on pages 11 to 26 form part of these financial statements.

**DENNIS PUBLISHING (UK) LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Cash flow from operating activities	24	5,368,602	2,049,443
Returns on investment and servicing of finance	25	335,783	606,028
Taxation	25	(1,872,208)	(862,720)
Capital expenditure	25	(3,345,831)	204,073
		486,346	1,996,824
Equity dividends paid		(1,400,000)	(650,000)
Cash (outflow)/inflow before financing		(913,654)	1,346,824
Financing: Decrease in debt	25	(247,390)	(2,613,368)
<b>DECREASE IN CASH IN THE PERIOD</b>		(1,161,044)	(1,266,544)
		=====	=====

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

Decrease in cash in the period		(1,161,044)	(1,266,544)
Cash inflow from increase in debt and leasing financing		215,373	573,423
Change in net funds resulting from cash flows	26	(945,671)	(693,121)
New finance leases	26	(166,527)	(277,438)
<b>Movement in net funds in the period</b>		(1,112,198)	(970,559)
<b>Net funds at 1st January</b>	26	5,823,511	6,794,070
<b>NET FUNDS AT 31ST DECEMBER</b>	26	4,711,313	5,823,511
		=====	=====

The attached notes on pages 11 to 26 form part of these financial statements.

**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

**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 AND COMPARATIVE FINANCIAL INFORMATION**

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

Undertakings, other than subsidiary undertakings, in which the group has an investment and over which it is in a position to exercise a significant influence are treated as associated undertakings. The group financial statements include the appropriate share of the undertakings results and reserves based on audited accounts to 31st December 2000.

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

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

Accordingly, full comparative financial information for the year ended 31st December 1999 in relation to the Dennis Publishing Limited group has been included in these financial statements.

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributable to the Group's share of net tangible assets and the purchase consideration is allocated to assets and liabilities on this basis. Where the cost of acquisition exceeds the value attributable to such net assets, the difference is treated as purchased goodwill and is capitalised. Purchased goodwill is amortised over ten years in accordance with the directors' estimate of its useful life.

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

**TURNOVER**

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

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

**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

**1. ACCOUNTING POLICIES (Continued)**

**INTANGIBLE FIXED ASSETS**

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

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

**DEPRECIATION**

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

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

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

**INVESTMENTS**

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

**STOCKS**

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

**DEFERRED TAXATION**

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

**FOREIGN CURRENCIES**

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

**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

**1. ACCOUNTING POLICIES (Continued)**

**LEASING AND HIRE PURCHASE COMMITMENTS**

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

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

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

**2. TURNOVER**

**PRINCIPAL ACTIVITY**

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

**ANALYSIS OF GROUP TURNOVER BY GEOGRAPHICAL MARKET**

<u>2000</u>				
	<u>United Kingdom</u> £	<u>Europe</u> £	<u>Other</u> £	<u>Total</u> £
Sales to third parties:				
Continuing	50,280,871	4,307,412	1,494,512	56,082,795
	=====	=====	=====	=====

<u>1999</u>				
	<u>United Kingdom</u> £	<u>Europe</u> £	<u>Other</u> £	<u>Total</u> £
Sales to third parties:				
Continuing	51,010,640	3,917,848	1,359,347	56,287,835
	=====	=====	=====	=====

	<u>2000</u> £	<u>1999</u> £
<b>3. NET OPERATING EXPENSES</b>		
Distribution costs	(5,927,906)	(4,598,204)
Administrative expenses	(18,813,405)	(17,742,814)
Profit on sale of copyrights and licences	<u>2,429,465</u>	<u>113,545</u>
	(22,311,846)	(22,227,473)
	=====	=====

**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

<b>4. OPERATING PROFIT</b>	<u>2000</u> £	<u>1999</u> £
This is stated after charging/(crediting):		
Depreciation of owned assets	587,617	716,655
Depreciation of assets held under finance leases and hire purchase contracts	102,812	131,252
Amortisation of intangible fixed assets	1,526,218	1,533,377
Operating lease rentals - Land and buildings	764,538	797,615
Rent receivable	(23,813)	(67,663)
Auditors' remuneration		
- audit services - UK	64,798	60,000
- non audit services - UK	43,918	39,446
	=====	=====

Operating profit for the year ended 31st December 2000 has also been stated after recognising a rent adjustment provided by the landlord of a property that certain group companies began to occupy during that year. In the opinion of the directors, the commercial substance of the adjustment was to mitigate certain additional expenses incurred by Dennis Publishing Limited together with the disruption caused to it as a result of entering into the lease concerned. The directors are therefore of the opinion that the adoption of the accounting treatment specified by UITF 12 would be misleading as the rent adjustment does not form part of the landlord's market return, and in order to present a true and fair view are instead matching the benefit of the adjustment with costs incurred in the years ended 31st December 2000 and 31st December 2001. The benefit arising from this adjustment that has been recognised in the year to 31st December 2000 was £264,018.

<b>5. DIRECTORS' EMOLUMENTS</b>	<u>2000</u> £	<u>1999</u> £
Emoluments for management services	387,896	353,334
	=====	=====
Highest paid director:		
Emoluments for management services	192,380	175,342
	=====	=====

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

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

**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

	<u>2000</u> £	<u>1999</u> £
<b>6. STAFF COSTS (including directors)</b>		
Wages and salaries	9,726,355	9,078,119
Social security costs	<u>1,080,487</u>	<u>930,504</u>
	10,806,842	10,008,623
	=====	=====
 Average monthly number of employees during the year	No.	No.
Administration and editorial	266	279
Sales and distribution	<u>69</u>	<u>74</u>
	335	353
	===	===
 <b>7. INTEREST PAYABLE</b>	£	£
Bank loans and overdrafts	(508)	(12,176)
Other interest	(21,487)	(406)
Finance charges payable under finance leases and hire purchase contracts	<u>(21,570)</u>	<u>(28,770)</u>
	(43,565)	(41,352)
	=====	=====
 <b>8. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
Based on the profit for the year:		
UK corporation tax at 29.65% (1999: 30.25%)	588,811	1,000,514
Adjustments in respect of previous years	<u>(6,017)</u>	<u>(6,614)</u>
	582,794	993,900
	=====	=====
 <b>9. DIVIDENDS</b>		
Dividends on ordinary shares - interim paid	200,000	650,000
Dividends on ordinary shares - final proposed	<u>-</u>	<u>1,200,000</u>
	200,000	1,850,000
	=====	=====



**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

**10. INTANGIBLE FIXED ASSETS**

**GROUP**

	Goodwill arising on consolidation £	Development costs £	Magazine and other intellectual publishing rights £	Total £
Cost:				
At 1st January, 2000	1,442,856	245,455	6,700,000	8,388,311
Additions	—	—	160,000	160,000
At 31st December 2000	1,442,856	245,455	6,860,000	8,548,311
Amortisation:				
At 1st January, 2000	370,989	203,523	2,720,000	3,294,512
Provided during the year	144,286	41,932	1,340,000	1,526,218
At 31st December, 2000	515,275	245,455	4,060,000	4,820,730
Net book value:				
At 31st December, 2000	927,581	—	2,800,000	3,727,581
	=====	=====	=====	=====
Net book value:				
At 31st December, 1999	1,071,867	41,932	3,980,000	5,093,799
	=====	=====	=====	=====

Goodwill arising on consolidation resulted from the difference between the fair value of assets acquired in The Week Limited and Dennis and Beyond Limited, and the fair value of consideration satisfied by cash.

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

**DENNIS PUBLISHING (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER, 2000**

**11. TANGIBLE FIXED ASSETS**

**GROUP**

	Freehold land and buildings £	Short leaseholds and improvements £	Plant and machinery £	Total £
Cost:				
At 1st January, 2000	230,922	333,341	3,380,980	3,945,243
Additions	18,444	879,531	2,093,747	2,991,722
Disposals	-	(324,360)	(885,109)	(1,209,469)
At 31st December, 2000	249,366	888,512	4,589,618	5,727,496
Depreciation:				
At 1st January, 2000	42,141	333,341	1,979,133	2,354,615
Charge for the year	4,618	39,292	646,519	690,429
Disposals	-	(324,360)	(696,161)	(1,020,521)
At 31st December, 2000	46,759	48,273	1,929,491	2,024,523
Net book value:				
At 31st December, 2000	202,607	840,239	2,660,127	3,702,973
	=====	=====	=====	=====
At 31st December, 1999	188,781	-	1,401,847	1,590,628
	=====	=====	=====	=====

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

	<u>2000</u> £	<u>1999</u> £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	298,822	473,658
	=====	=====

**DENNIS PUBLISHING (UK) LIMITED**  
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**12. FIXED ASSET INVESTMENTS**

**GROUP**

Shares in  
associated  
undertaking  
£

Addition in year  
Provision for share of net losses in the  
year (see below \*\*)

12,000  
(12,000)

-

=====

During the year the group acquired a 60% holding in Worldwide Magazine Marketplace Limited, details of which are disclosed below.

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

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

\*\*The group's share of the retained losses of the Worldwide Magazine Marketplace Limited at 31st December, 2000 was £12,710 and the resultant share of the company's net liabilities of £710 has been included in creditors due within one year.

**COMPANY**

Shares in  
subsidiary  
undertakings  
£

At cost

Additions

600,000

At 31st December, 2000

600,000

=====

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

**DENNIS PUBLISHING (UK) LIMITED**  
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**12. FIXED ASSET INVESTMENTS (Continued)**

The Company holds 20% or more of the share capital of the following companies, each of whom have prepared financial statements made up to 31st December, 2000:-

<u>Name of company</u>	<u>Shares held class</u>	<u>Proportion of voting rights and shares held</u>	<u>Nature of business</u>
Dennis Publishing Limited	Ordinary	100%	Publishers
Dennis Oneshots Limited*	Ordinary	100%	Publishers
Dennis Oneshots Export Limited*	Ordinary	100%	Dormant
Dennis Customer Publishing Limited*	Ordinary	100%	Publishers
Dennis & Beyond Limited*	Ordinary	78%	Publishers
Beyond Communications Limited*	Ordinary	100%	Dormant
The Week Limited*	Ordinary	78%	Publishers
Its in the Bag Limited*	Ordinary	100%	Dormant
Subsnet Limited (formerly SportsScene Publishers Limited)*	Ordinary	100%	Dormant
Choice Publishers Limited*	Ordinary	100%	Dormant
Bunch Partworks Limited*	Ordinary	100%	Dormant
Dennis Interactive Limited (formerly SportsScene Specialist Press Limited)*	Ordinary	100%	Dormant
Dennis Business Publishing Limited*	Ordinary	100%	Dormant
Dennis Lifestyle Limited*	Ordinary	100%	Publishers
Worldwide Magazine Marketplace Limited*	Ordinary	60%	Publishing and service activities

\*Held by a subsidiary undertaking

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

	<u>2000</u> <u>£</u>	<u>Group</u> <u>1999</u> <u>£</u>	<u>Company</u> <u>2000</u> <u>£</u>
<b>13. INVESTMENTS HELD AS CURRENT ASSETS</b>			
Investment - Listed on the UK stock exchange	500,000	-	-
	=====	==	==
Market value of listed investment	740,865	-	-
	=====	==	==

A estimated taxation liability of £72,260 for the group would arise if the listed investment was sold at the stated market value.

**DENNIS PUBLISHING (UK) LIMITED**  
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	<u>2000</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>1999</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
<b>14. STOCKS</b>			
Paper and consumables	526,587	450,826	-
	=====	=====	==

The difference between purchase price or production cost of stocks and their replacement cost is not material.

	<u>2000</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>1999</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
<b>15. DEBTORS</b>			
Trade debtors	4,782,125	4,369,953	-
Other debtors	7,382,793	9,369,633	-
Prepayments and accrued income	<u>1,638,590</u>	<u>2,121,379</u>	<u>-</u>
	13,803,508	15,860,965	-
	=====	=====	==

Amounts due after more  
than one year included  
in:

Other debtors	4,737,019	2,003,328	-
	=====	=====	==

**16. CREDITORS: amounts falling  
due within one year**

Obligations under finance lease and hire purchase contracts	107,434	138,291	-
Trade creditors	9,694,044	7,421,511	-
Corporation tax	662,107	1,951,521	-
Other taxes and social security costs	337,560	436,782	-
Other creditors	642,320	659,611	-
Accruals and deferred income	5,829,444	7,706,684	-
Proposed dividend	<u>-</u>	<u>1,200,000</u>	<u>-</u>
	17,272,909	19,514,400	-
	=====	=====	==

**DENNIS PUBLISHING (UK) LIMITED**  
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17. CREDITORS: amounts falling due after more than one year	<u>2000</u> £	<u>Group</u> 1999 £	<u>Company</u> 2000 £
Obligations under finance lease and hire purchase contracts	17,633	35,622	-
Director's loan account (see below)	30,245	62,266	-
Other creditors	9,420	9,420	-
Accruals and deferred income	323,421	203,066	-
	380,719	310,374	-
	=====	=====	===

A director, Mr. Felix Dennis has provided Dennis Publishing Limited with a loan which is secured over all its assets by way of a floating charge, dated 7th April, 1983. The loan is interest free, with no fixed terms for repayment.

18. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	<u>2000</u> £	<u>Group</u> 1999 £	<u>Company</u> 2000 £
Amounts payable:			
Within one year	107,434	138,291	-
Within one to two years	17,633	35,622	-
	125,067	173,913	-
	=====	=====	===

19. PROVISIONS FOR LIABILITIES AND CHARGES £

**GROUP**

**(A) STAFF SABBATICAL PROVISION**

At 1st January, 2000	174,360
Arising during the year	127,851
Utilised	(76,914)
At 31st December, 2000	225,297
	=====

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

**DENNIS PUBLISHING (UK) LIMITED**  
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**19. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)**

**GROUP AND COMPANY**

**(B) DEFERRED TAXATION**

At 31st December, 1999 and 2000 there was no potential deferred taxation liability for either the Company or the Group.

	<u>2000</u> £
<b>20. SHARE CAPITAL</b>	
Authorised	
10,000,000 ordinary shares of £1 each	10,000,000
	=====
Allotted, called up and fully paid	
600,000 ordinary shares of £1 each	600,000
	=====

During the period, the company issued 600,000 ordinary shares of £1 each at par to establish its capital base and to acquire 100% of the shares in Dennis Publishing Limited.

**21. RESERVES**

<b>GROUP</b>	<u>Profit and loss account</u> £	<u>Share premium account</u> £	<u>Other reserves</u> £	<u>Total</u> £
At 1st January, 2000	1,244,509	5,850,000	1,299,999	8,394,508
Profit for the year	<u>223,596</u>	<u>-</u>	<u>-</u>	<u>223,596</u>
At 31st December, 2000	1,468,105	5,850,000	1,299,999	8,618,104
	=====	=====	=====	=====

Other reserves are comprised  
as follows:

Excess of par values of shares of merged company acquired over consideration	49,999
Share premium accounts of merged company acquired	<u>1,250,000</u>
	1,299,999
	=====

**DENNIS PUBLISHING (UK) LIMITED**  
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**22. PROFIT AND LOSS ACCOUNT**

In accordance with the exemption allowed by Section 230 of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the period, after dividends, dealt with in the financial statements of the company was £Nil.

	<u>2000</u> £	<u>Group</u> 1999 £	<u>Company</u> 2000 £
<b>23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>			
At 1st January	8,994,508	9,853,629	-
Issue of shares	-	-	600,000
Profit for the financial year	423,596	990,879	1,400,000
Dividends	<u>(200,000)</u>	<u>(1,850,000)</u>	<u>(1,400,000)</u>
At 31st December	9,218,104	8,994,508	600,000
	=====	=====	=====

	<u>2000</u> £	<u>1999</u> £
<b>24. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS</b>		
Operating profit	683,317	1,378,751
Depreciation and amortisation charges	2,216,647	2,289,922
Profit on sale of tangible fixed assets	37,384	(77,825)
Decrease in stocks	(75,761)	93,829
Decrease in copyrights held for resale	-	542,417
(Increase) in debtors	2,057,657	(1,066,891)
Increase/(decrease) in creditors	<u>449,358</u>	<u>(1,110,760)</u>
	5,368,602	2,049,443
	=====	=====

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

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

Interest received	379,348	647,380
Interest paid	(21,995)	(12,582)
Interest element of finance lease rental payments	<u>(21,570)</u>	<u>(28,770)</u>
	335,783	606,028
	=====	=====

**TAXATION**

UK corporation tax paid	(1,872,208)	(862,720)
	=====	=====



**DENNIS PUBLISHING (UK) LIMITED**  
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25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (Continued)	<u>2000</u> £	<u>1999</u> £
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire intangible fixed assets	(160,000)	-
Payments to acquire tangible fixed assets	(2,825,195)	(418,325)
Payments to acquire fixed asset investments	(12,200)	-
Payments to acquire current asset investment	(500,000)	-
Receipts from sales of tangible fixed assets	151,564	522,398
Receipts from sales of fixed asset investments	<u>-</u>	<u>100,000</u>
	(3,345,831)	204,073
	=====	=====

**FINANCING**

Capital element of finance lease rental payments	(215,373)	(198,423)
(Decrease)/increase in director's loan	(32,017)	(2,039,945)
(Decrease) in bank loan	<u>-</u>	<u>(375,000)</u>
	(247,390)	(2,613,368)
	=====	=====

**26. ANALYSIS OF CHANGES  
IN NET DEBT**

	At 1st January, 2000 £	Reclass- ification of term deposit (see below) £	Cash flows £	Non cash changes £	At 31st December, 2000 £
Cash at bank and in hand	5,447,424	550,000	(1,161,044)	-	4,836,380
Money held in term deposit account (see below)	550,000	(550,000)	-	-	-
Finance leases	<u>(173,913)</u>	<u>-</u>	<u>215,373</u>	<u>(166,527)</u>	<u>(125,067)</u>
<b>TOTAL</b>	5,823,511	-	(945,671)	(166,527)	4,711,313
	=====	=====	=====	=====	=====

During the year ended 31st December, 1997 the Group placed £550,000 of cash into a term deposit account as part of its guarantee in relation to the bank borrowings of Dennis Business Properties Limited (which at 31st December, 1999 amounted to £3.6 million), a company under common control. Subsequent to 31st December, 1999 the Group was released from this guarantee.

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

**MAJOR NON-CASH TRANSACTIONS**

During the year the Group entered into finance lease and hire purchase arrangements in respect of fixed assets with a total capital value at the inception of these agreements of £166,527 (1999: £277,438).

**27. OTHER FINANCIAL COMMITMENTS**

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

	<u>Land and buildings</u>	
	<u>2000</u>	<u>1999</u>
	£	£
Operating leases which expire:-		
In over five years	1,471,303	773,150
	=====	=====

**28. CONTINGENT LIABILITIES**

In connection with the disposal of certain magazine titles during the year ended 31st December 1998, both Dennis Publishing Limited and Mr. Felix Dennis provided guarantees to the purchaser in relation to warranties given under the terms of the relevant disposal agreement. The guarantees are in the form of charges over the interests of both Dennis Publishing Limited and Mr. Dennis in one of the magazine titles produced by the Group. In the opinion of the directors, no liabilities are likely to impact upon either the Group or Mr. Dennis as a result of the agreement.

**29. TRANSACTIONS WITH DIRECTORS**

Mr. Felix Dennis, the chairman and controlling shareholder of the parent Company and Group, owns the copyright to certain of the Group's magazines and has licensed the publication rights of these to the Group. In accordance with a copyright agreement between certain Group companies and Mr. Dennis, copyright royalties amounting to £921,863 were payable to Mr. Dennis by the Group in respect of the year ended 31st December, 2000.

**30. RELATED PARTIES**

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

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**30. RELATED PARTIES (Continued)**

During the year Dennis Publishing Limited recharged at cost, expenditure incurred on behalf of certain of the above companies totalling £342,018.

During the year the Group made copy sales in the ordinary course of business and on an arms length basis totalling £22,948,867 to Seymour Distribution Limited.

Subscription bureau charges of £1,582,533 were made by Customer Interface Limited to the Group.

The total amounts due from and owed to these related parties at 31st December, 2000 were as follows:

	£
<b>Included within trade debtors:</b>	
Seymour Distribution Limited	235,996
Worldwide Magazine Marketplace Limited	170,151
	=====
<b>Included within other debtors:</b>	
Dennis Publishing Inc.	6,075,886
Customer Interface Limited	58,231
Worldwide Magazine Marketplace Limited	114,653
Moneyweek Limited	578,366
Dennis Interactive Inc.	76,897
	=====
<b>Included within trade creditors:</b>	
Customer Interface Limited	264,557
Moneyweek Limited	7,017
	=====
<b>Included within other creditors:</b>	
Dennis Holdings Limited	550,001
	=====

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

**31. CONTROLLING PARTY**

The ultimate controlling party is Mr. Felix Dennis. Dennis Publishing Limited is the smallest Group in which the results of that Company and its subsidiaries are consolidated. The largest Group in which the results of the Company and its subsidiaries are consolidated is Dennis Publishing (UK) Limited. Copies of the financial statements of Dennis Publishing (UK) Limited may be obtained from 30 Cleveland Street, London, W1P 5FF.