Company registration no. 53626

IPC Media Limited
(formerly IPC Magazines Limited)

Report and Financial Statements for the year to

30 September 2000

ED9 *ECOBH260* 0004
COMPANIES HOUSE 30/07/01

Registered office: King's Reach Tower,
Stamford Street, London SE1 9LS

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 September 2000.

On 8 June 2000 the company changed its name to IPC Media Limited (formerly IPC Magazines Limited).

Review of the business, activities and future developments

The company continues to operate as a publisher of magazines.

Operating profit for the year was £66.9 million (1999 - £54.0 million). The year ended 30 September 2000 has been one of success and change. Strong profit growth has been delivered, a clear and focused strategy has been set out and a number of talented individuals recruited to build a top class management team.

Dividends

The directors do not recommend the payment of a dividend for the year (1999 - £nil)

Directors and their interests

The directors during the year and subsequently were:

W R Aley	
T D G Arculus	
S J Auton	
S Bailey	
T S Brooks	(appointed 11 September 2000)
R R Carayol	(resigned 25 January 2000)
G Crace	(appointed 28 June 2000)
L M Lancaster-Gaye	
M Matthew	(resigned 1 December 1999)
A T McDuff	(resigned 11 April 2000)
C M Reeves-Smith	(resigned 31 October 2000)
M J Soutar	(appointed 3 July 2000)
D B Stam	
A D Tanner	(resigned 31 March 2000)
C S Ward	(appointed 1 December 1999)
A R Williams	(appointed 31 July 2000)

Company Secretary

J F Gore

Directors' report (continued)

The interests of the directors in the issued share capital of the company or any group company at the year end are shown below.

	IPC Group Limited A Ordinary shares of 1p each		IPC Group Limited A Preference shares of 1p each		IPC Holdings (UK) Limited Preference shares of £1 each	
	30 September 2000	1 October 1999	**30 September 2000**	1 October 1999	**30 September 2000**	1 October 1999
S J Auton	**10,370**	9,973	**93,611**	90,027	**200**	-
G Crace	**1,341**	-	**12,107**	-	-	-
C M Reeves-Smith	**10,370**	9,973	**93,611**	90,027	-	200
M J Soutar	**9,973**	-	**90,027**	-	-	-
D B Stam	**10,172**	9,973	**91,828**	90,027	**200**	-
C S Ward	**1,296**	-	**11,701**	-	-	-

None of the other directors, in office at the year end, had any other beneficial interests in the share capital of the company, or other group companies, at any time during the year except as disclosed in the accounts of the ultimate parent company, IPC Group Limited.

Euro

Whilst the UK remains outside the European Monetary Union, the only effect on the business of the introduction of the Euro is as an additional trading currency.

The group's systems are able to process multi-currency dealings. Additionally, a Euro currency bank account has been opened to enable the group to handle receipts and payments.

Employee participation

Employees are encouraged to become aware of the financial and economic factors which affect the group and its ability to compete in the marketplace. The individual contributions of staff are recognised as being essential to the future success of the business.

Staff are informed of the performance and prospects of the group, together with financial information, by means of regular bulletins, notice boards and management meetings. Detailed reviews and items of interest are provided to staff and pensioners by the company magazine, 'in', and a director is responsible for internal communications. The group has an established staff council which met regularly during the year.

Directors' report (continued)

Disabled persons

It is the policy of the group to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

Statement of directors' reponsibilities

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 as at the end of the financial year and of the profit or loss of the company for that period . In preparing those financial statements, the directors are require to:

. select suitable accounting policies and then apply them consistently;
. make judgements and estimates that are reasonable and prudent;
. state whether applicable accounting standards have been followed;
. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J F Gore
Company Secretary
King's Reach Tower
Stamford Street
London
SE1 9LS
26th January 2001

Auditors' Report to the Members of IPC Media Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practice 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, 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 state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors
Hill House,
Little New Street,
London EC4A 3TR

26 January 2001

Profit and loss account
for the year ended 30 September 2000

	Notes	2000 £'000	1999 £'000
Turnover	2	**359,722**	350,850
Cost of sales		**(179,158)**	(180,559)
Gross profit		**180,564**	170,291
Sales and distribution costs		**(76,558)**	(73,323)
Administrative expenses	3	**(37,127)**	(43,129)
Other operating income		**53**	169
Operating profit	4	**66,932**	54,008
Income from joint ventures		**1,250**	2,000
		68,182	56,008
Bank interest receivable		**1,292**	690
Other interest payable		**(69)**	-
Profit on ordinary activities before taxation		**69,405**	56,698
Tax credit on profit on ordinary activities	8	**85**	-
Retained profit for the year		**69,490**	56,698

Turnover and operating income arose from continuing operations.
There are no recognised gains or losses in either the current or preceding years other than shown in the profit and loss account above.

Balance sheet
as at 30 September 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	**20,021**	22,947
Intangible assets	10	**37,008**	40,092
Investments	11	**75,955**	75,955
		132,984	138,994
Current assets			
Stocks	12	**6,011**	6,368
Debtors: amounts falling due within one year	13	**209,593**	153,772
Debtors: amounts falling due after more than one year	13	**4,695**	4,695
Cash at bank and in hand		**51,430**	30,931
		271,729	195,766
Creditors: amounts falling due within one year	14	**(90,115)**	(91,712)
Net current assets		**181,614**	104,054
Total assets less current liabilities		**314,598**	243,048
Creditors: amounts falling due after more than one year	14	**(6,670)**	(4,610)
Total net assets		**307,928**	238,438
Capital and reserves			
Called up share capital	15	**2,580**	2,580
Share premium account	16	**112,887**	112,887
Share redemption account	16	**2,318**	2,318
Profit and loss account	16	**190,143**	120,653
Equity shareholders' funds		**307,928**	238,438

These financial statements were approved by the Board of Directors on 24 January 2001
Signed on behalf of the Board of Directors

Director

Notes to the accounts

for the year ended 30 September 2000

1 Accounting policies

Basis of accounting

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 1 - "Cash Flow Statements", the company has not prepared a cash flow statement because its ultimate parent company, IPC Group Limited, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the company for the year and which contain a cash flow statement.

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Investments

Investments are stated at cost less provision, if appropriate, for any impairment in value.

Intangible assets

Following the introduction of FRS10, 'Goodwill and intangible assets', publishing rights are stated at fair value on acquisition and are amortised on a straight line basis over the useful economic life up to a maximum of 20 years. Goodwill arising on the acquisition of the trade or assets of a business, being the difference between the fair value of the assets acquired and the consideration paid, is also amortised on a straight line basis over its useful economic life up to a maximum of 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on a basis that will write off the book value of fixed assets on a straight line basis over their expected lives. The depreciation rates range from $6^2/_3$ % to $33^1/_3$% for plant and equipment, and $6^2/_3$ % to $12^1/_2$% for fixtures and fittings.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the periods of the leases.

Notes to the accounts
for the year ended 30 September 2000

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost, including appropriate attributable overheads, and estimated net realisable value.

Development spend

Development spend on the launch of new products or services is expensed through the profit and loss account as incurred. The cost of developing software for use internally may be capitalised and written off over its useful life.

Taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pensions

The company operates both defined benefit and defined contribution pension schemes.

For defined benefit schemes, the expected costs of pensions in respect of the scheme are charged to the profit and loss account so as to spread the costs over the service lives of the employees in the scheme. Actuarial surpluses or deficits are allocated over the average expected remaining service lives of the employees.

For defined contribution schemes, the pension cost charged to the profit and loss account represents contributions payable by the company to the relevant funds.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling on that date. The translation differences are dealt with in the profit and loss account.

Reclassifications

Certain prior year amounts have been reclassified to conform to 2000 presentation.

Notes to the accounts
for the year ended 30 September 2000

2 Segmental information

	2000 £'000	1999 £'000
The analysis of the group's turnover by destination of geographical market is as follows:		
United Kingdom	**337,380**	331,080
Europe	**11,727**	10,102
Rest of the world	**10,615**	9,668
Total	**359,722**	350,850

Turnover is derived principally from the group's main activity, magazine publishing, in the United Kingdom.

It is not appropriate to analyse operating profit or net assets attributable to geographical market as the group operates principally from one geographical location.

3 Exceptional Item

In 1999, exceptional reorganisation costs of £5.5 million were incurred on restructuring the company.

4 Group operating profit

	2000 £'000	1999 £'000
Operating profit is stated after charging:		
Depreciation of owned tangible assets	**8,638**	8,887
Amortisation of intangible assets	**2,934**	2,663
Auditors' remuneration		
Audit fees	**39**	36
Non audit fees	**87**	45
Operating lease rentals - land and buildings	**5,267**	5,148
(Profit)/loss on disposal of fixed assets and titles	**(799)**	144
Research and development costs	**2,797**	3,839

Notes to the accounts

for the year ended 30 September 2000

5 Information regarding directors and employees

	2000 £'000	1999 £'000
Staff costs (including directors)		
Wages and salaries	**60,742**	62,814
Social security costs	**4,781**	4,637
Pensions	**2,060**	1,887
	67,583	69,338

	No.	No.
Average number of persons employed		
Editorial	**869**	836
Sales and distribution	**189**	177
Administration and finance	**932**	978
	1,990	1,991

6 Directors' emoluments

	2000 £'000	1999 £'000
Remuneration:		
Salary and fees	**1,128**	1,244
Benefits	**99**	117
Annual performance related bonus	**114**	70
Pension	**17**	17
Total emoluments	**1,358**	1,448

The number of directors accruing benefits at the year end in respect of defined benefit pension schemes is eleven (1999 - 10). The number of directors accruing benefits at the year end in respect of defined contribution pension schemes is one (1999 - one).

Analysis of emoluments (excluding pension contributions) of the highest paid director:

	2000 £'000	1999 £'000
Emoluments	**236**	250
Accrued pension at year end	**34**	116

Notes to the accounts
for the year ended 30 September 2000

7 Pension

The company operates a number of pension schemes. The principal scheme, the IPC Media Penison Scheme covers 94% of scheme members and is of the defined benefit type. The assets are held in separate trustee-administered funds.

The total pension cost for the company was £2,060,000 (1999 - £1,887,000).

The pension cost of the IPC Media Pension Scheme has been assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment was as at 18 February 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to rate of return on investments and the rates of increase of salaries and pensions. It was assumed that the return on investments would be 7% per annum, that the salary increases would average 4.5% per annum and that present and future pensions would increase at 3% per annum. A new actuarial assessment is currently in progress

At the date of the latest actuarial valuation, the market value of the assets of the IPC Media Pension Scheme was £110.8m and the actuarial value of the assets was sufficient to cover 133% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

8 Tax credit on profit on ordinary activities

	2000	1999
	£'000	£'000
Adjustment in respect of prior year	**(85)**	-

The tax charge for the year is low due to group relief being received for nil consideration.

No provision has been made for the tax which would become payable on the sale of intangible assets at stated amounts as there is no present intention to sell these intangible assets. The potential deferred tax has not been disclosed as it is not practicable to quantify.

Notes to the accounts
for the year ended 30 September 2000

9 Tangible fixed assets

	Plant & equipment £'000	Fixtures & fittings £'000	Total £'000
Cost			
At 1 October 1999	52,304	22,855	**75,159**
Additions	5,366	606	**5,972**
Disposals	(2,039)	-	**(2,039)**
At 30 September 2000	55,631	23,461	**79,092**
Accumulated depreciation			
At 1 October 1999	(38,706)	(13,506)	**(52,212)**
Charge for the year	(6,436)	(2,202)	**(8,638)**
Disposals	1,779	-	**1,779**
At 30 September 2000	(43,363)	(15,708)	**(59,071)**
Net book value			
At 30 September 2000	**12,268**	**7,753**	**20,021**
At 30 September 1999	13,598	9,349	22,947

10 Intangible fixed assets

	Publishing rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 October 1999	37,036	21,637	58,673
Title disposals	-	(160)	(160)
At 30 September 2000	37,036	21,477	58,513
Amortisation			
At 1 October 1999	(17,770)	(811)	(18,581)
Title disposals	-	10	10
Provided during the year	(1,852)	(1,082)	(2,934)
At 30 September 2000	(19,622)	(1,883)	(21,505)
Net book value			
At 30 September 2000	**17,414**	**19,594**	**37,008**
At 30 September 1999	19,266	20,826	40,092

Notes to the accounts
for the year ended 30 September 2000

11 Fixed asset investments

Shares in subsidiary undertakings	2000 £'000	1999 £'000
Cost	**117,373**	117,373
Provisions	**(41,418)**	(41,418)
Net Book Value	**75,955**	75,955

Interests in the share capital of subsidiary undertakings relate to IPC Magazines (Overseas) Limited and dormant companies all of which are wholly owned. The dormant companies hold certain of the publishing rights to magazines published by the company. The principal function of IPC Magazines (Overseas) Limited, which is incorporated in Great Britian, is to hold shares in the French joint venture company, Avantages SA, and shares in IPC Magazines Australia Holdings Pty Limited, which holds a 50% interest in IPC ACP Australia Pty limited, a joint venture with ACP Publishing Pty Limited. IPC Magazines (Overseas) Limited is located at King's Reach Tower, Stamford Street, London SE1 9LS.

IPC Magazines Limited has a joint venture interest in European Magazines Limited by virtue of its 50% ownership of the company's £100 issued share capital. This interest is included within fixed asset investments at its original cost of £50. European Magazines Limited's principal activity is magazine publishing. European Magazines Limited made a profit before tax of £2,598,000 (unaudited) for the year ended 30 September 2000 (1999 - £4,732,000 (unaudited)) and had total shareholders' funds of £2,495,000 (unaudited) (1999 - 2,422,000 (unaudited)). The year end for European Magazines Limited is 31 December. European Magazines Limited is incorporated in Great Britain.

In the opinion of the directors, the aggregate value of the company's investments is not worth less than the aggregate amount shown above.

12 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	**6,011**	6,368

Notes to the accounts
for the year ended 30 September 2000

13 Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade debtors	**39,462**	43,376
Amounts owed by joint ventures	**1,874**	418
Other debtors	**2,495**	2,852
Corporation Tax	**640**	-
Prepayments and accrued income	**5,408**	5,362
Amounts owed by group undertakings	**159,714**	101,764
	209,593	153,772
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**4,695**	4,695
	4,695	4,695

14 Creditors

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Trade creditors	**46,807**	45,622
Amounts owed to joint ventures	**-**	535
Amounts owed to group undertakings	**31,027**	31,188
Accruals and deferred income	**9,502**	10,384
Other creditors	**920**	2,132
Taxation and social security	**1,859**	1,851
	90,115	91,712
Amounts falling due after more than one year:		
Accrued pension costs	**6,670**	4,610

15 Called up share capital

	2000 £'000	1999 £'000
Authorised:		
3,230,000 Ordinary shares of £1 each	**3,230**	3,230
Called up, allotted and fully paid:		
2,580,000 Ordinary shares of £1 each	**2,580**	2,580

Notes to the accounts

for the year ended 30 September 2000

16 Reconciliations of movements in shareholders' funds and movement in reserves

	Share capital £'000	Share premium account £'000	Share redemption account £'000	Profit and loss account £'000	Total £'000
At 1 October 1999	2,580	112,887	2,318	120,653	**238,438**
Profit for year	-	-	-	69,490	**69,490**
At 30 September 2000	**2,580**	**112,887**	**2,318**	**190,143**	**307,928**

17 Operating lease commitments

Annual commitments under non-cancellable land and buildings operating leases are as follows:

	2000 £'000	1999 £'000
Leases which expire:		
Within two to five years	**915**	1,162
After five years	**4,531**	4,067
	5,446	5,229

18 Parent undertakings

As at 30 September 2000, the company's immediate parent undertaking was IPC Magazines Holdings Limited, and its ultimate parent undertaking was IPC Group Limited. Both of these parent undertakings are incorporated in Great Britain and registered in England and Wales. The company's ultimate controlling party is Cinven Limited as fund manager.

Copies of the consolidated financial statements of IPC Group Limited may be obtained from the Company Secretary, King's Reach Tower, Stamford Street, London, SE1 9LS.

Notes to the accounts

for the year ended 30 September 2000

19 Related party transactions

There were no material related party transactions during the year other than those set out below or disclosed elsewhere in the accounts.

JLR Sales and Marketing Co. Ltd.

The directors consider this company to be a related party by virtue of the fact that it is owned by P Bailey, husband of S Bailey a director of the company.

During the year JLR Sales and Marketing Co. Ltd. provided promotional materials to the value of £0.6m (1999 - £0.7m) and as at 30 September 2000 £0.1m (1999 - £0.1m) was owed by the group to the JLR Sales and Marketing Co. Ltd.

Joint ventures

During the year the group sold goods and provided management and other services to European Magazines Limited. The total value of of these transactions was £14.9m (1999 - £9.9m). As at 30 September 2000 the group was owed £1.0m (1999 - £0.2m) by European Magazines Limited.

The group also charged royalties totalling £0.5m (1999 - £0.5m) to Avantages SA and as at 30 September 2000 the group was owed £0.4m (1999 - £0.1m) by Avantages SA

A number of expenses were paid by the group on behalf of its Australian joint venture ICP-ACP Pty Limited. Total transaction value was £0.1m (1999 - £0.1m) and as at 30 September 2000 the group was owed £0.2m (1999 - £0.3m) which represents a working capital loan and attracts interest at the daily Australian current clearing bank rate of interest.

The directors are satisfied that all related party transactions were carried out on an arm's length basis.