

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REPORT AND FINANCIAL STATEMENTS**  
**30 JUNE 2004**



**Horwath Clark Whitehill**

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**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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The directors have pleasure in presenting their report and the financial statements for the year ended 30 June 2004.

**PRINCIPAL ACTIVITY**

The company's principal activity during the year was to represent the interests of its members, which principally comprise businesses involved in the publication of magazines.

**REVIEW OF THE BUSINESS**

The trading surplus for the year, after taxation, amounts to £31,893 (2003: surplus £23,960). The retained surplus carried forward at 30 June 2004 was £209,187 (2003: £177,294).

**FUTURE DEVELOPMENTS**

The directors aim to continue the management policies that have enabled the association to maintain and develop services to its members.

**DIRECTORS**

The directors who served during the year were as follows:

Keith Jones	(Chairman)
Derek Carter	(Deputy Chairman – until October 2003)
Nicholas Coleridge	(Deputy Chairman – from October 2003)
Helen Alexander	
Sylvia Auton	(appointed July 2003)
John Brown	
Brin Bucknor	
Sally Cartwright, OBE	
Vivian Cotterill	(resigned July 2003)
Martin Durham	
Duncan Edwards	
Robert Findlay	
Ian Fletcher	
Bernard Gray	
Christian Guy	(resigned September 2003)
Kevin Hand	(appointed July 2003)
Greg Ingham	(appointed February 2004)
Paul Keenan	
Ian Locks	
Andrew Lynam-Smith	

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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**DIRECTORS (CONTINUED)**

Colin Morrison	(resigned February 2004)
Peter Phippen	
Michael Potter	(resigned September 2003)
Alistair Ramsay	
Charles Reed	
Julian Treasure	(resigned September 2003)
Alan Urry	(resigned July 2004)
Eric Verdon-Roe	
Tim Weller	

David Goodchild was appointed a director during July 2004.

In addition to the above the following individuals were co-opted but not full board members during the year:

PPA Scotland:	Robin Hodge until replaced by Nick Creed in July 2004
PPA Ireland:	John Donnelly until replaced by Rosemary Delaney in July 2003
APA:	Lisa Barnard
IPAC:	David Devoto (resigned July 2004)

**CHARITABLE CONTRIBUTIONS**

During the year donations totalling £12,600 (2003 £10,000) were made to charitable organisations.

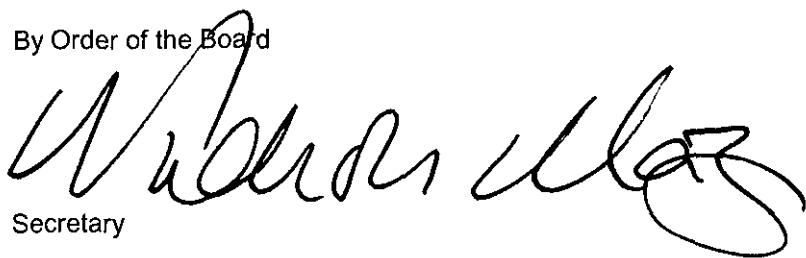
**AUDITORS**

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board

Secretary



19 November  
2004

## PERIODICAL PUBLISHERS ASSOCIATION LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors, as stated in their report.

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the period. In preparing those financial statements the directors are required 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, 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 assume 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 or other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE PERIODICAL PUBLISHERS ASSOCIATION LIMITED**

We have audited the financial statements of Periodical Publishers Association Limited for the year ended 30 June 2004 set out on pages 5 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 opinion we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance 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 if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit 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 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 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.

### **Unqualified opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill LLP*

*19 November 2004*

**Horwath Clark Whitehill LLP**  
Chartered Accountants and  
Registered Auditors

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 £	2003 £
<b>INCOME</b>			
Members subscriptions receivable		1,455,689	1,426,370
Member services and promotional activities		2,726,443	2,577,943
NRS / Consumer magazines readership research		1,460,487	1,530,907
Interest receivable		24,629	15,536
		<u>5,667,248</u>	<u>5,550,756</u>
<b>EXPENDITURE</b>			
Staff costs	2	1,563,484	1,380,383
Accommodation costs		401,772	384,583
General administration expenses		303,603	304,425
Travelling and entertaining expenses		47,833	42,742
NRS / Consumer magazines readership research		1,430,487	1,502,907
Subscriptions and donations		52,513	120,667
Member services and promotional activities		1,827,179	1,785,517
		<u>5,626,871</u>	<u>5,521,224</u>
<b>SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION</b>	3	40,377	29,532
Taxation	4	<u>(8,484)</u>	<u>(5,572)</u>
<b>RETAINED SURPLUS FOR THE YEAR</b>		31,893	23,960
Retained surplus brought forward		<u>177,294</u>	<u>153,334</u>
<b>RETAINED SURPLUS CARRIED FORWARD</b>		<u>209,187</u>	<u>177,294</u>

The income and expenditure account contains all the gains and losses recognised in the current and previous year and the retained surplus is the only movement in reserves in those years.


The notes on pages 8 to 11 form part of these financial statements.

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**BALANCE SHEET**  
**30 JUNE 2004**

	Notes	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	5	<u>119,481</u>	<u>113,910</u>
<b>CURRENT ASSETS</b>			
Debtors	6	<u>696,224</u>	<u>964,548</u>
Cash at bank and in hand		<u>1,471,684</u>	<u>1,242,225</u>
		2,167,908	2,206,773
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(2,077,733)</u>	<u>(2,134,684)</u>
<b>NET CURRENT ASSETS</b>		<u>90,175</u>	<u>72,089</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		209,656	185,999
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred tax	8	<u>(469)</u>	<u>(8,705)</u>
<b>NET ASSETS</b>		<u>209,187</u>	<u>177,294</u>
<b>RESERVES</b>			
Retained surplus		<u>209,187</u>	<u>177,294</u>

Approved by the Board on  
and signed on its behalf by:

} Directors

  
 ACE

19 November 2004

The notes on pages 8 to 11 form part of these financial statements.

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 £	2003 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>1</b>	<b><u>266,900</u></b>	<b><u>556,637</u></b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<u>24,629</u>	<u>15,536</u>
<b>TAXATION</b>			
UK Corporation Tax paid		<u>(2,270)</u>	<u>(3,158)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Receipts from sale of tangible fixed assets		-	3,000
Payments to acquire tangible fixed assets		<u>(59,800)</u>	<u>(20,562)</u>
		<u>(59,800)</u>	<u>(17,562)</u>
<b>INCREASE IN CASH</b>	<b>2</b>	<b><u>229,459</u></b>	<b><u>551,453</u></b>

**NOTES TO THE CASH FLOW STATEMENT**

**1. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

Operating surplus	15,748	13,996
Depreciation	54,229	59,359
Profit on disposal of tangible fixed assets	-	(126)
Decrease in debtors	268,324	129,828
(Decrease)/increase in creditors	<u>(71,401)</u>	<u>353,580</u>

**NET CASH INFLOW FROM OPERATING ACTIVITIES**

**266,900      556,637**

**2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT ON NET CASH**

Increase in cash in the year	229,459	551,453
Net cash at 1 July	<u>1,242,225</u>	<u>690,772</u>
Net cash at 30 June	<u><b>1,471,684</b></u>	<u><b>1,242,225</b></u>



**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**

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**1. ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**(b) Subscriptions**

Subscriptions receivable are normally payable on 1 January in each year and are taken into account during the accounting period to which they relate.

**(c) Depreciation**

Depreciation is provided on all tangible fixed assets so as to write off the cost evenly over their estimated useful lives at the following rates:

Computer equipment	- 33 1/3% per annum
Furniture and other equipment	- 10% per annum
Motor cars	- 20% per annum

Tangible fixed assets purchased for specific projects are written off over the life of the project.

**(d) Operating Leases**

The costs of operating leases are charged to the income and expenditure account as they accrue.

**(e) Pension Costs**

Pension costs are charged to the profit and loss account as incurred.

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2004**

<b>2. STAFF COSTS</b>	<b>2004</b>	<b>2003</b>
(including directors' emoluments)	£	£
<i>Wages and salaries</i>	<b>1,275,340</b>	<i>1,117,725</i>
<i>Social security costs</i>	<b>156,244</b>	<i>133,010</i>
<i>Other pension costs</i>	<b>82,179</b>	<i>72,359</i>
<i>Recruitment, temporary staff and other related expenses</i>	<b>49,721</b>	<i>57,289</i>
	<b><u>1,563,484</u></b>	<b><u>1,380,383</u></b>

The company operates a defined contribution pension scheme and the charge for the year is as shown above.

The average weekly number of employees during the year was:

	<b>No.</b>	<b>No.</b>
Management and administration	<b><u>35</u></b>	<b><u>31</u></b>
<i>Directors' remuneration</i>	<b>£</b>	<b>£</b>
<i>Emoluments</i>	<b>151,159</b>	<i>142,052</i>
<i>Company contributions to money purchase pension schemes</i>	<b>15,838</b>	<i>21,678</i>
	<b><u>166,997</u></b>	<b><u>163,730</u></b>
	<b>No.</b>	<b>No.</b>
Number of directors accruing pension benefits	<b><u>1</u></b>	<b><u>1</u></b>

During the year Valerie Locks, wife of Ian Locks, received £28,287 (2003 £24,326) on contracts for organising exhibitions.

**3. SURPLUS OF INCOME OVER EXPENDITURE**

	<b>£</b>	<b>£</b>
This is stated after charging:		
<i>Auditors' remuneration</i>	<b>5,300</b>	<i>5,150</i>
<i>Operating lease rentals – land and buildings</i>	<b>237,930</b>	<i>261,000</i>
<i>Depreciation</i>	<b>54,229</b>	<i>59,359</i>

The company has annual land and buildings operating lease commitments of £166,500 for a lease expiring in excess of five years time.

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2004**

**4. TAXATION**

	2004 £	2003 £
Deferred tax (see note 8)	(8,236)	3,705
UK Corporation tax on taxable profit for the year (see below)	17,037	2,587
Over provision of UK corporation tax in respect of prior years	(317)	(720)
	<u>8,484</u>	<u>5,572</u>

**Factors affecting the tax charge for the year**

The tax for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

Surplus of income over expenditure before taxation	<u>40,377</u>	<u>29,532</u>
Surplus of income over expenditure multiplied by the standard rate of UK corporation tax	7,672	5,611
Effects of:		
Expenses not deductible for tax purposes	1,129	1,035
Marginal relief	-	(1,383)
Capital allowances in excess of depreciation	2,748	(1,229)
Other short term timing differences	5,488	(1,447)
	<u>17,037</u>	<u>2,587</u>

**5. TANGIBLE FIXED ASSETS**

	Computer Equipment £	Furniture And other Equipment £	Motor Cars £	Total £
Cost				
At 1 July 2003	155,434	256,370	25,000	436,804
Additions	56,232	3,568	-	59,800
Disposals	(100,028)	-	-	(100,028)
<b>At 30 June 2004</b>	<u>111,638</u>	<u>259,938</u>	<u>25,000</u>	<u>396,576</u>
Depreciation				
At 1 July 2003	130,086	186,141	6,667	322,894
Charge for the year	23,761	25,468	5,000	54,229
Disposals	(100,028)	-	-	(100,028)
<b>At 30 June 2004</b>	<u>53,819</u>	<u>211,609</u>	<u>11,667</u>	<u>277,095</u>
<b>Net book value</b>				
<b>At 30 June 2004</b>	<u>57,819</u>	<u>48,329</u>	<u>13,333</u>	<u>119,481</u>
<i>At 30 June 2003</i>	<u>25,348</u>	<u>70,229</u>	<u>18,333</u>	<u>113,910</u>

**PERIODICAL PUBLISHERS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2004**

<b>6. DEBTORS</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Trade debtors	380,766	598,853
Other debtors	117,676	130,668
Prepayments and accrued income	197,782	235,027
	<u>696,224</u>	<u>964,548</u>
 <b>7. CREDITORS:</b> amounts falling due within one year		
Trade creditors	94,524	141,794
Corporation tax	17,037	2,587
Other creditors - National Readership Survey	248,275	519,556
Other creditors – other	495,402	515,017
Other taxes and social security	38,770	-
Accruals	223,519	183,796
Deferred income - PPA membership subscriptions and other	960,206	771,934
	<u>2,077,733</u>	<u>2,134,684</u>
 <b>8. DEFERRED TAX</b>		
At 1 July 2003	8,705	5,000
Charge for the year (see note 4)	<u>(8,236)</u>	<u>3,705</u>
At 30 June 2004	<u>469</u>	<u>8,705</u>
 The deferred tax balance comprises:		
Accelerated capital allowances	5,928	8,675
Short term timing differences	<u>(5,459)</u>	<u>30</u>
	<u>469</u>	<u>8,705</u>
 <b>9. COMPANY STATUS</b>		

The company is limited by guarantee and consequently has no share capital. The liability of each of the company's members is limited to not exceed £1.