

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REPORT AND FINANCIAL STATEMENTS
30 JUNE 2002



HORWATH
CLARK WHITEHILL
Chartered Accountants

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PERIODICAL PUBLISHERS ASSOCIATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2002

The directors have pleasure in presenting their report and the financial statements for the year ended 30 June 2002.

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 deficit for the year, after taxation, amounts to £11,513 (2001: £9,164). The retained surplus carried forward at 30 June 2002 was £153,334 (2001: £164,847).

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:

Derek Carter	(Chairman)
Sally Cartwright	(Deputy Chairman until September 2001)
Keith Jones	(Deputy Chairman from September 2001)
Helen Alexander	
Sly Bailey	
John Brown	
Brin Bucknor	
Nicholas Coleridge	
Vivian Cotterhill	
Martin Durham	
Duncan Edwards	(appointed January 2002)
Bob Findlay	
Ian Fletcher	
Mike Frey	(resigned July 2001)
Bernard Gray	(appointed September 2001)
Christian Guy	
Peter Jago	(resigned January 2002)
Paul Keenan	(appointed January 2002)
Ian Locks	
Andrew Lynam-Smith	
Terry Mansfield CBE	(resigned January 2002)

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002

DIRECTORS (CONTINUED)

Colin Morrison	(appointed January 2002)
Michael Murphy	(resigned July 2002)
Andrew Nugee	(resigned July 2001)
Peter Phippen	(appointed September 2001)
Michael Potter	
Alistair Ramsey	
Charles Reed	
Peter Teague	(resigned September 2001)
Julian Treasure	
Alan Urry	
Eric Verdon-Roe	

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

David McMurray	
Peter McKenna	(resigned July 2001)
Peter Moore	(resigned July 2001)
Gregor Rankin	

Norah Casey and Grahame Lake were co-opted onto the board during July 2001.

CHARITABLE CONTRIBUTIONS

During the year donations totalling £10,000 (2001 £10,500) were made to charitable organisations.

AUDITORS

The auditors, Horwath Clark Whitehill, will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment.

By Order of the Board



Secretary

PERIODICAL PUBLISHERS ASSOCIATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 2002 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.

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.

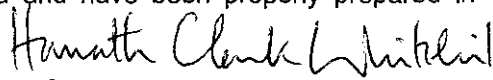
Basis of audit opinion

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 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and
Registered Auditors

18 September 2002

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PERIODICAL PUBLISHERS ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

	Notes	2002 £	2001 £
INCOME			
Members subscriptions receivable		1,333,644	1,384,937
Member services and promotional activities		2,595,484	2,796,740
NRS / Consumer magazines readership research		1,683,270	1,429,384
Interest receivable		13,974	26,805
		<u>5,626,372</u>	<u>5,637,866</u>
EXPENDITURE			
Staff costs	2	1,477,731	1,475,944
Accommodation costs		386,980	353,084
General administration expenses		211,993	256,352
Travelling and entertaining expenses		33,418	62,216
NRS / Consumer magazines readership research		1,659,270	1,405,384
Subscriptions and donations		90,871	119,059
Member services and promotional activities		1,768,622	1,974,155
		<u>5,628,885</u>	<u>5,646,194</u>
DEFICIT OF INCOME OVER EXPENDITURE BEFORE TAXATION	3	(2,513)	(8,328)
Taxation	4	<u>(9,000)</u>	<u>(836)</u>
RETAINED DEFICIT FOR THE YEAR		(11,513)	(9,164)
Retained surplus brought forward		<u>164,847</u>	<u>174,011</u>
RETAINED SURPLUS CARRIED FORWARD		<u>153,334</u>	<u>164,847</u>

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

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

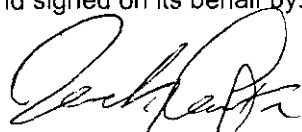

PERIODICAL PUBLISHERS ASSOCIATION LIMITED

BALANCE SHEET

30 JUNE 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	5	<u>155,581</u>	<u>193,410</u>
CURRENT ASSETS			
Debtors	6	<u>1,094,376</u>	<u>1,165,855</u>
Cash at bank and in hand		<u>690,772</u>	<u>591,791</u>
		1,785,148	1,757,646
CREDITORS: amounts falling due within one year	7	<u>(1,782,395)</u>	<u>(1,786,209)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,753</u>	<u>(28,563)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		158,334	164,847
PROVISION FOR LIABILITIES AND CHARGES			
Deferred tax	4	<u>(5,000)</u>	<u>-</u>
NET ASSETS		<u>153,334</u>	<u>164,847</u>
RESERVES			
Retained surplus		<u>153,334</u>	<u>164,847</u>

Approved by the Board on 18 September 2002
and signed on its behalf by:



 } Directors

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 2002

	Notes	2002 £	2001 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1	<u>118,024</u>	<u>(480,874)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>13,974</u>	<u>26,805</u>
TAXATION			
UK Corporation Tax paid		<u>(122)</u>	<u>(9,136)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Receipts from sale of tangible fixed assets		<u>4,000</u>	<u>-</u>
Payments to acquire tangible fixed assets		<u>(36,895)</u>	<u>(28,485)</u>
		<u>(32,895)</u>	<u>(28,485)</u>
INCREASE/(DECREASE) IN CASH	2	<u>98,981</u>	<u>(491,690)</u>

NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

Operating deficit	(16,487)	(35,133)
Depreciation	67,059	64,657
Loss on disposal of tangible fixed assets	3,665	-
Decrease/(increase) in debtors	71,479	(261,917)
Decrease in creditors	<u>(7,692)</u>	<u>(248,481)</u>

NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

118,024 (480,874)

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

Increase/(decrease) in cash in the year	98,981	(491,690)
Net cash at 1 July	<u>591,791</u>	<u>1,083,481</u>
Net cash at 30 June	<u>690,772</u>	<u>591,791</u>

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

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 2002

2. STAFF COSTS	2002	2001
(including directors' emoluments)	£	£
Wages and salaries	1,230,897	1,222,976
Social security costs	127,848	122,642
Other pension costs	74,620	58,171
Recruitment, temporary staff and other related expenses	44,366	72,155
	<u>1,477,731</u>	<u>1,475,944</u>

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:

	No.	No.
Management and administration	<u>34</u>	<u>36</u>
Directors' remuneration	£	£
Emoluments	111,825	108,930
Company contributions to money purchase pension schemes	14,895	14,782
	<u>126,720</u>	<u>123,712</u>
	No.	No.
Number of directors accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

Valerie Locks, wife of Ian Locks, received £28,247 (2001: £30,913) on contracts for organising exhibitions.

3. DEFICIT OF INCOME OVER EXPENDITURE

	£	£
This is stated after charging:		
Auditors' remuneration	5,000	5,000
Operating lease rentals – land and buildings	261,000	223,693
Depreciation	67,059	64,657

The company has annual land and buildings operating lease commitments of £257,000 for a lease expiring between two and five years time.

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002

4. TAXATION

	2002 £	2001 £
Deferred tax	5,000	-
UK Corporation tax on taxable profit for the year	4,000	-
Under provision of UK corporation tax in respect of prior years	-	836
	<u>9,000</u>	<u>836</u>

Factors affecting the tax charge for the year

The tax for the year is higher than the standard rate of corporation tax in the UK (19-20%). The differences are explained below:

Deficit of income over expenditure before taxation	(2,513)	(8,328)
Deficit of income over expenditure multiplied by the standard rate of UK corporation tax	(496)	(1,666)
Effects of:		
Expenses not deductible for tax purposes	2,671	2,384
Capital allowances in excess of depreciation	1,825	(718)
	<u>4,000</u>	<u>-</u>

The deferred tax charge for the year and balance at 30 June 2002 represents accelerated capital allowances of £6,500 net of reversible short-term timing differences of £1,500.

5. TANGIBLE FIXED ASSETS

	Computer Equipment £	Furniture and other Equipment £	Motor Cars £	Total £
Cost				
At 1 July 2001	218,293	265,692	39,155	523,140
Additions	10,065	1,830	25,000	36,895
Disposals	(28,442)	(1,385)	(19,995)	(49,822)
At 30 June 2002	<u>199,916</u>	<u>266,137</u>	<u>44,160</u>	<u>510,213</u>
Depreciation				
At 1 July 2001	166,135	144,656	18,939	329,730
Charge for the year	32,660	26,568	7,831	67,059
Disposals	(28,442)	(1,385)	(12,330)	(42,157)
At 30 June 2002	<u>170,353</u>	<u>169,839</u>	<u>14,440</u>	<u>354,632</u>
Net book value				
At 30 June 2002	<u>29,563</u>	<u>96,298</u>	<u>29,720</u>	<u>155,581</u>
<i>At 30 June 2001</i>	<u>52,158</u>	<u>121,036</u>	<u>20,216</u>	<u>193,410</u>

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002

6. DEBTORS	2002	2001
	£	£
Trade debtors	648,167	737,473
Other debtors	207,079	190,002
Prepayments and accrued income	239,130	238,380
	<u>1,094,376</u>	<u>1,165,855</u>
 7. CREDITORS:		
amounts falling due within one year		
Trade creditors	84,303	174,257
Corporation tax	3,878	-
Other creditors	6,000	6,000
Accruals	205,109	144,447
National Readership Survey - deferred income	554,085	729,194
PPA membership subscriptions and other- deferred income	929,020	732,311
	<u>1,782,395</u>	<u>1,786,209</u>

8. COMPANY STATUS

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.

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

For the information of the directors only

	2002 £	2001 £
INCOME		
Subscriptions receivable	1,333,644	1,384,937
Member services and promotional activities	2,595,484	2,796,740
NRS / Consumer magazines readership research	1,683,270	1,429,384
Deposit interest receivable	13,974	26,805
	<u>5,626,372</u>	<u>5,637,866</u>
EXPENDITURE		
Staff costs:		
Salaries	1,230,897	1,222,976
Social security costs	127,848	122,642
Other pension costs	74,620	58,171
Staff training	13,634	14,563
Temporary staff	832	14,142
Recruitment costs	12,350	27,220
Disability insurance	2,960	2,202
Private medical insurance	9,903	8,648
Sundry	306	74
Investors in people	4,381	5,306
	<u>1,477,731</u>	<u>1,475,944</u>
Accommodation costs:		
Rent, rates, services and electricity	348,036	308,368
Repairs and maintenance	12,376	18,333
Depreciation of furniture and other equipment	26,568	26,383
	<u>386,980</u>	<u>353,084</u>
General administration expenses:		
Insurance	3,770	5,227
Health and safety	41	113
Printing and stationery	28,164	34,813
Postage and couriers	31,602	45,143
Computer costs	24,642	37,032
Copier	6,714	5,712
Fax	221	184
Telephone	22,675	27,369
Audit	5,000	5,000
Accountancy, legal and professional charges	13,440	17,861
Other equipment hire and maintenance	7,836	4,634
Depreciation of computer equipment	32,660	30,443
Sundry expenses	18,365	8,640
Bad debts	16,863	34,181
	<u>211,993</u>	<u>256,352</u>
Carried forward	2,076,704	2,085,380

PERIODICAL PUBLISHERS ASSOCIATION LIMITED
DETAILED INCOME AND EXPENDITURE ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2002

For the information of the directors only

	2002 £	2001 £
Brought forward	<u>2,076,704</u>	<u>2,085,380</u>
EXPENDITURE (Continued)		
Travelling and entertaining expenses:		
General	17,280	32,255
International Association	3,853	17,880
Motor car expenses	<u>12,285</u>	<u>12,081</u>
	<u>33,418</u>	<u>62,216</u>
NRS / Consumer magazines readership research	<u>1,659,270</u>	<u>1,405,384</u>
Subscriptions and Donations	<u>90,871</u>	<u>119,059</u>
Member services and promotional activities	<u>1,768,622</u>	<u>1,974,155</u>
	<u>5,628,885</u>	<u>5,646,194</u>
DEFICIT OF INCOME OVER EXPENDITURE	<u>(2,513)</u>	<u>(8,328)</u>
Taxation	<u>(9,000)</u>	<u>(836)</u>
RETAINED DEFICIT FOR THE YEAR	<u>(11,513)</u>	<u>(9,164)</u>