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 ERNST & YOUNG

REPORT AND ACCOUNTS

EMAP Consumer Magazines  
Limited

28 MARCH 1992

Company Registered No: 1176085

 ERNST & YOUNG

# EMAP Consumer Magazines Limited

## DIRECTORS' REPORT

Registered No. 1176085

### DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 28 March 1992.

### RESULTS AND DIVIDENDS

The trading profit for the year, after taxation amounted to £10,091,000 (1991 - £Nil).

The directors do not recommend the payment of a final ordinary dividend. The total of ordinary dividends for the year amounted to £9,453,000 (1991 - £Nil) leaving a profit of £638,000 (1991 - £Nil) to be carried to reserves.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Its principal activities during the year were the maintenance of the paper department, and the holding of divisional administration costs.

In addition, with effect from 29 June 1991, the company took over the magazines publishing trades of a number of fellow subsidiaries who continue to act as agents for the company.

It is management's intention to endeavour to maintain and improve upon the present position through the development of the existing business.

### FIXED ASSETS

Changes in fixed assets are summarised in notes 8, 9 and 10 to the accounts.

### EMPLOYEE INVOLVEMENT

The directors are firmly committed to long-standing arrangements for providing systematic information to employees, consulting them on a regular basis, and achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

Since 1980, the ultimate parent company has operated a staff share scheme in which employees of group companies are encouraged each year to invest in shares of that company and, in return, are given further shares free of charge.

The ultimate parent company also operates a share option scheme which gives certain senior executives options to purchase shares of that company at a fixed price, and a savings related share option scheme which enables employees to save with a building society in order to purchase shares of the parent company at a fixed price.

### EMPLOYMENT OF DISABLED PERSONS

The directors confirm that it remains their policy to make employment opportunities fully open to disabled persons, subject to their particular aptitudes and abilities; that, whenever possible, the employment of those who may become disabled during the period of employment by the company will be continued; and that the company will continue to encourage the career development of disabled persons in its employ.

# EMAP Consumer Magazines Limited

## DIRECTORS' REPORT

Registered No, 1176085

### DIRECTORS AND THEIR INTERESTS

The directors of the company who have served during the year are:

K L Hand  
K Marriott

In addition the following were appointed as directors on 15 April 1992:

T D G Arculus  
B R Dennis  
M H Gough  
C Llewellyn  
R W Miller  
T C Moloney  
G T Stott

K L Hand is also a director of EMAP plc, the ultimate parent undertaking, and his interests are disclosed in that company's accounts.

The interests of the other director inclusive of his spouse in the share capital of the ultimate parent undertaking at the beginning of the year, and at the end of the year were as follows:

	Ordinary Shares at 28 March 1992		Ordinary Shares at 30 March 1991	
	Options	Issued	Options	Issued
K Marriott	20,135	504	9,907	375

In respect of the interest in options of the parent company, it operates a Savings Related and Executive Share Option Scheme.

Since 1985, options have been granted annually in the Savings Related Scheme at prices between 84p and 202p. The normal exercise dates for these options extend to 1999.

Since 1985, options have been granted annually, with the exception of 1990, in the Executive Option Scheme at prices between 90p and 242p. The normal exercise dates for these options extend to 2001.

During the year the following transactions took place relating to directors' interests in options to subscribe for ordinary shares in the parent company:

	Options Granted	Options Exercised/ (Lapsed)
K Marriott	10,228	-

### CLOSE COMPANY STATUS

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

EMAP Consumer Magazines Limited

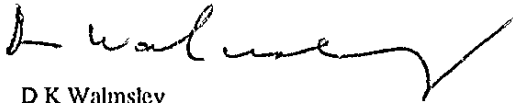
DIRECTORS' REPORT

Registered No. 1176085

AUDITORS

An elective resolution pursuant to S.386 of the Companies Act 1985 has been passed whereby the company is not obliged to re-appoint auditors annually Ernst & Young therefore continue as auditors.

By order of the Board



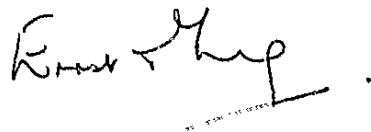
D K Walmsley  
Secretary

26 June 1992

**REPORT OF THE AUDITORS**  
to the members of EMAP Consumer Magazines Limited

We have audited the accounts on pages 5 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 28 March 1992 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Cambridge

26 June 1992

# EMAP Consumer Magazines Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 28 March 1992

	Notes	1992 £'000	1991 £'000
TURNOVER	2	39,112	14,507
Cost of sales		34,449	13,907
Gross profit		4,663	600
Distribution costs		551	-
Administrative expenses		2,868	600
		3,419	600
OPERATING PROFIT	3	1,244	-
Income from investments	4	12,604	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,848	-
Tax on profit on ordinary activities	6	3,757	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		10,091	-
Dividends	7	9,453	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		638	-
Retained profit brought forward		-	-
Retained profit carried forward		638	-

# EMAP Consumer Magazines Limited

## BALANCE SHEET

at 28 March 1992

	Notes	£'000	1992 £'000	1991 £'000
<b>FIXED ASSETS</b>				
Intangible assets	8		3,500	-
Tangible assets	9		1,154	222
Investments in subsidiary undertakings	10		8,767	150
			<u>13,421</u>	<u>372</u>
<b>CURRENT ASSETS</b>				
Stocks	11	2,015		1,934
Debtors	12	17,184		906
Cash at bank and in hand	13	10		-
		<u>19,209</u>		<u>2,840</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>31,505</u>		<u>3,212</u>
Net current liabilities			(12,386)	(372)
Total assets less current liabilities			<u>1,035</u>	-
Deferred taxation	15		3	-
			<u>1,038</u>	-
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		400	-
Profit and loss account			638	-
			<u>1,038</u>	-

  
K Marriott Director

26 June 1992



# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The accounts are drawn up in accordance with the historical cost convention and applicable accounting standards.

#### *Consolidation*

Group accounts have not been prepared as permitted by section 228(1) of the Companies Act 1985.

#### *Turnover*

Turnover represents invoiced and cash sales and is net of value added tax.

#### *Intangible fixed assets*

Acquired publishing rights and titles which have no finite life are stated at cost less provision for permanent diminution in value.

#### *Depreciation*

Depreciation is provided on the following fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	Over the period of the lease
Plant and machinery	-	3 to 12 years
Motor vehicles	-	4 years

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value as follows:

Raw materials and goods for resale	-	Purchase cost on a first-in, first-out basis
Work-in-progress	-	Cost of direct materials

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

#### *Deferred tax*

Deferred tax is provided on the liability method on all material timing differences, except to the extent that tax will not become payable in the future, and calculated at the rate at which it is estimated that the tax will be payable.

#### *Goodwill*

The goodwill arising on acquisition of new businesses represents the excess of their cost over their net asset value to the company at the date of purchase and is deducted from reserves in the year of acquisition.

#### *Operating lease rentals*

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

#### *Contributions to pension funds*

The costs of providing pensions under the defined benefit schemes are charged against profits on a systematic basis, with pension surpluses and deficits arising allocated over the expected remaining services lives of current employees.

The costs of providing pensions under the defined contribution schemes are charged to the profit and loss account as they become due.

Differences between the amounts charged in the profit and loss account and payments made to the pension funds are treated as assets or liabilities.

# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 2. TURNOVER

The turnover and pre-tax profit is mainly attributable to magazines publishing and maintenance of paper department. Export turnover amounted to £1,078,000 (1991 - £Nil).

### 3. OPERATING PROFIT

	1992 £'000	1991 £'000
(a) This is stated after charging:		
Directors' remuneration (salaries including pension contributions)	-	-
Depreciation	334	66
Operating leases - Land and buildings	480	95
- Plant and equipment	286	25
Auditors' remuneration	15	3
	<u>1,115</u>	<u>199</u>

(b) The emoluments, excluding pension contributions, of the Chairman were £Nil (1991 - £Nil) and of the highest paid director were £Nil (1991 - £Nil).

The directors' emoluments, excluding pension contributions, fell within the following ranges:

	1992 No	1991 No
£Nil - £5,000	2	2

### 4. INCOME FROM INVESTMENTS

	1992 £'000	1991 £'000
Dividends received from subsidiary undertakings	12,604	-
	<u>12,604</u>	<u>-</u>

### 5. STAFF COSTS

	1992 £'000	1991 £'000
Wages and salaries	849	562
Social security costs	108	53
Other pension costs	46	27
	<u>1,003</u>	<u>642</u>

The average weekly number of employees during the year was made up as follows:

	1992 No	1991 No
Full-time employees	60	42
Part-time employees	2	2
	<u>62</u>	<u>44</u>

# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 5. STAFF COSTS (continued)

#### *Staff share bonus*

The ultimate parent undertaking operates a staff share bonus scheme in which employees of group companies are encouraged each year to invest in shares of that company and, in return, are given further shares free of charge.

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992 £'000	1991 £'000
The charge in the profit and loss account comprises:		
Corporation tax on the taxable profit for the year at the rate of 33% (1991 - 34%)	606	-
Tax credits attributable to dividends received	3,151	-
Deferred tax	(3)	-
Group relief	(28)	-
	<u>3,726</u>	<u>-</u>
In respect of prior years:		
Corporation tax	31	-
	<u>3,757</u>	<u>-</u>

### 7. DIVIDENDS

	1992 £'000	1991 £'000
Ordinary-interim paid	<u>9,453</u>	<u>-</u>

### 8. INTANGIBLE FIXED ASSETS

	£'000
Publishing rights and titles:	
Cost:	
At 31 March 1991	-
Addition	2,000
Transfer from group undertakings	1,500
At 28 March 1992	<u>3,500</u>

# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 9. TANGIBLE FIXED ASSETS

	<i>Short leaseholds £'000</i>	<i>Plant and vehicles £'000</i>	<i>Total £'000</i>
Cost:			
At 31 March 1991	47	624	671
Additions	31	619	650
Transfers from group undertakings	151	1,707	1,858
Disposals	-	(81)	(81)
Transfers to group undertakings	(9)	(184)	(193)
At 28 March 1992	220	2,685	2,905
Depreciation			
At 31 March 1991	24	425	449
Provided during the year	14	320	334
Transfers from group undertakings	76	995	1,071
Disposals	-	(48)	(48)
Transfers to group undertakings	(9)	(46)	(55)
At 28 March 1992	105	1,646	1,751
Net book value at 28 March 1992	115	1,039	1,154
Net book value at 31 March 1991	23	199	222

# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

£'000

Cost:

At 1 April 1991	150
Additions	8,217
Transfers from group undertakings	400
At 28 March 1992	<u>8,767</u>

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
EMAP Elan Limited	England	Ordinary shares	100%	Publishing
EMAP National Publications Limited	England	Ordinary shares	100%	Agency
EMAP Pursuit Publications Limited	England	Ordinary shares	100%	Publishing
EMAP Metro Limited	England	Ordinary shares	100%	Publishing
EMAP Images Limited	England	Ordinary shares	100%	Publishing
EMAP Apex Publications Limited	England	Ordinary shares	100%	Agency
FF Publishing Limited	England	Ordinary shares	100%	Publishing
EMAP New Woman Limited	England	Ordinary shares	100%	Agency

### 11. STOCKS

	<i>1992</i>	<i>1991</i>
	<i>£'000</i>	<i>£'000</i>
Raw materials	1,192	1,934
Work in progress	736	-
Goods for resale	87	-
	<u>2,015</u>	<u>1,934</u>

The replacement cost of stocks was not materially different from that shown above.

# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 12. DEBTORS

	1992 £'000	1991 £'000
Amounts owed by associated undertakings	802	-
Trade debtors	2,572	-
Amounts owed by fellow subsidiary undertakings	11,375	680
Prepayments	1,193	226
Other debtors	1,201	-
Pension surplus	41	-
	<u>17,184</u>	<u>906</u>

### 13. CASH AT BANK AND IN HAND

The group operates a centralised treasury banking system and surpluses or deficits on the company's bank account are transferred to EMAP plc on a daily basis (see note 14).

### 14. CREDITORS: amounts falling due within one year

	1992 £'000	1991 £'000
Payments received on account	1,053	-
Trade creditors	5,921	105
Amounts owed to ultimate parent undertaking		
- bank balance transferred to EMAP plc (see note 13)	1,164	-
Other amounts owed to ultimate parent undertaking	3,078	2,945
Amounts owed to fellow subsidiary undertakings	14,318	50
Amounts owed to associated undertakings	86	-
Other creditors	172	-
Accruals	1,890	112
Current corporation tax	2,735	-
Other taxes and social security	1,083	-
Staff share bonus	95	-
	<u>31,595</u>	<u>3,212</u>

### 15. DEFERRED TAXATION

Full provision for deferred tax has been made as, in the opinion of the directors, it is probable that a liability to tax will crystallise. Deferred tax asset/(liability) is as follows:

	1992 £'000	1991 £'000
Capital allowances in advance of depreciation	(9)	-
Other timing differences	6	-
	<u>(3)</u>	<u>-</u>

# EMAP Consumer Magazines Limited

## NOTES TO THE ACCOUNTS

at 28 March 1992

### 16. CALLED UP SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1992</i>	<i>1991</i>	<i>1992</i>	<i>1991</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	<u>5,000,000</u>	<u>100</u>	<u>400100</u>	<u>100</u>

During the year, 400,000 ordinary shares were issued fully paid at par to finance the purchase of the Consumer Magazine subsidiaries from the parent undertaking.

### 17. FINANCIAL AND CAPITAL COMMITMENTS

#### (a) Lease commitments

	<i>Land and Buildings £'000</i>	<i>Plant and Machinery £'000</i>
Commitments for rentals payable under operating leases in 1992/93 which expires:		
Within one year	-	62
In the second to fifth year inclusive	-	207
After five years	<u>461</u>	<u>6</u>
	<u>461</u>	<u>275</u>

#### (b) Contingent liabilities

There is a joint and severable interlocking guarantee given between the subsidiary undertakings in the group to secure the bank overdraft with Barclays Bank plc. The balance outstanding on the overdraft at March 28, 1992 was £45,774,000 (1991 - Nil).

### 18. PENSION COSTS

The company participates in pension schemes operated by the EMAP Group. The two largest - one defined contribution, the other defined benefit - cover between them over 90% of total membership. In all cases the assets of the schemes are held in separate trustee administered funds.

The total pension charge for the year amounted to £135,000 (1991 - £Nil) being net of a credit amounting to £99,000 (1991 - £Nil), arising on the amortisation of the Group's defined benefit schemes' pension surplus.

The latest actuarial assessment of the main defined benefit scheme was at 1 April 1991, further details of which can be found in the annual report and accounts of the ultimate parent undertaking, EMAP plc.

### 19. PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up of which the company is a member is EMAP plc, registered in England and Wales. Copies of EMAP plc's accounts can be obtained from 1 Lincoln Court, Lincoln Road, Peterborough, PE1 2RF.