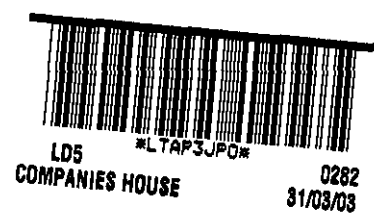


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**Goodhead Group Plc**

**Annual Report**

**For The Year Ended 31 May 2002**



# Goodhead Group Plc

## Group Directory

Goodhead Group Plc  
(Registered Number 1794199)  
Chaucer Business Park  
Launton Road  
Bicester  
Oxon  
OX26 4QZ

*Telephone:* 01869 363364

*Facsimile:* 01869 363365

*Email:* [info@goodheadgroup.com](mailto:info@goodheadgroup.com)

*Web-site:* [www.goodheadgroup.com](http://www.goodheadgroup.com)

## Subsidiaries

benhamgoodheadprint limited  
(Registered Number 541611)  
Chaucer Business Park  
Launton Road  
Bicester  
Oxon  
OX26 4QZ

*Telephone:* 01869 363333

*Facsimile:* 01869 363306

*Email:* [info@bgprint.co.uk](mailto:info@bgprint.co.uk)

*Web-site:* [www.bgprint.co.uk](http://www.bgprint.co.uk)

And at:-

Newcomen Way  
Severalls Industrial Park  
Colchester  
Essex  
CO4 4PF  
*Telephone:* 01206 752525  
*Facsimile:* 01206 752255

Stones the Printers Limited  
(Registered Number 476399)  
Unit 10, Acre Estate  
Wildmere Road  
Banbury  
Oxon  
OX16 3ES  
*Telephone:* 01295 819300  
*Facsimile:* 01295 819390

*Email:* [info@stonestheprinters.co.uk](mailto:info@stonestheprinters.co.uk)

*Web-site:* [www.stonestheprinters.co.uk](http://www.stonestheprinters.co.uk)

## Regional Offices

Edinburgh  
11 Waterloo Place  
Edinburgh  
EH1 3BG  
*Telephone:* 0131 557 9852  
*Facsimile:* 0131 558 1464

Manchester  
Olympic Court  
Third Avenue  
The Village  
Trafford Park  
Manchester  
M17 1AP  
*Telephone:* 0161 873 8535  
*Facsimile:* 0161 873 8536

# **Goodhead Group Plc**

## **Board Review For The Year Ended 31 May 2002**

The Board presents the Annual Report in a year in which the Group's improvements in its printing operations are overshadowed by the results of our discontinued publishing activity.

### **Results for the Year**

In the year to 31 May 2002, turnover was £52.1 million and pre-tax losses were £2.8 million. This compares with last year's turnover of £54.7 million and pre-tax losses of £1.5 million.

The losses include £1.8 million from our discontinued publishing activity (2001: £0.8 million).

### **Trading Activities**

The results we report demonstrate a disappointing performance for the group as whole in the last 12 months and we have taken several actions to return our operations to consistent profitability.

In October 2000 we established What Media Limited to publish self selection magazines within the travel and computer markets. During the first year of operation the company stayed within its budget and began the second year with an established line of products that were gaining market share and circulation. However, four months into our financial year, the travel business was severely affected by the disaster in New York which led to a collapse in advertising revenues and an increase in losses. Almost at the same time we witnessed a decline in demand for advertising for computer and computer related products. Despite strenuous efforts by management to re-structure the business to bring costs in line with revenue it was decided to dispose of the magazines to local employees and cease any further investment. The group will continue to hold an option to acquire a substantial portion of the equity within the magazines should this become a worthwhile exercise at some time in the future. The losses incurred by What Media are contained within Discontinued Operations.

Regarding our printing operations, despite the continued excess of supply over demand and a fall in turnover year on year, when stripping out the increased fixed costs of our business brought about by continued investment, our actual performance improved. Our retention of added value increased as a result of improved productivity, reduced management costs and lower pre press costs following our extensive investment in computer to plate technology.

Furthermore, during the year we merged the operations of our web printing companies in Bicester and Colchester to create benhamgoodheadprint Limited (bgp). The results of this exercise enabled us to streamline our management structure, improve the marketing of the companies products and establish bgp as a leading provider of high quality magazine and directory publications.

In December 2001, we commissioned our largest press to date with the start up of a MAN Lithoman 64-page commercial heatset press. This machine, together with an enlarged bindery operation at our facility in Colchester, lifted our fixed costs to a record level precisely at the moment when the full force of the recession in the printing industry was exacerbated by the terrible events of September 11, leading to widespread cancellations of orders from our customers in the travel industry.

However, during the final quarter of the year our level of enquiries increased in momentum, largely as a result of the successful commissioning of equipment installed during the period of 18 months leading up to the end of 2001.

The results of Stones the Printers in Banbury exceeded our expectations in the final quarter of the financial year and enabled the business to report record profits.

Regarding our investments in associated companies, results from Annex Publishing and Printing Inc again exceeded budget and the company achieved further growth in earnings through new acquisitions. Our other associate, OTM achieved mixed results and following a review of our strategy we decided to dispose of our interest in this business.

# **Goodhead Group Plc**

## **Board Review For The Year Ended 31 May 2002 (Continued)**

### **Trading Activities (Continued)**

In December 2002, we concluded an agreement with the management of OTM under which they agreed to pay £500,000 for our shares in the company. The initial consideration of £100,000 was received on completion and the balance is due for repayment by quarterly instalments commencing September 2003.

### **Accounting Changes**

We have adopted FRS 19 for the treatment of deferred taxation for the first time.

While the effect on our tax charge for the current year has actually been marginally beneficial, the effect on our Balance Sheet at 31 May 2002 is to increase liabilities by £1.4 million.

We have also adopted FRS 18 "Accounting Policies" and the transitional arrangements of FRS 17 "Retirement benefits" but these have not affected the results for the year or the Balance sheet.

### **Pension Schemes**

The Group has, since 1 June 1986, maintained a Defined Benefit pension scheme, but in response to mounting liabilities and increased risk to the Company, this was closed to new entrants at 31 May 2000 and replaced by a Defined Contribution scheme.

At the valuation in June 2000, there was a small deficit calculated by the actuary. Since then, the deficit has steadily grown as the value of the scheme's equity holdings has fallen and liabilities increased due to the increase in the longevity of members.

After long deliberation, the directors decided to close the group Defined Benefit scheme to further benefit accrual and replace it with a Defined Contribution scheme from 1 September 2002.

The Group is required to comply with FRS 17 "Retirement Benefits", albeit that under transitional rules, which apply for the year ended 31 May 2002, the requirement is to detail the impact on net assets of accounting under FRS 17. Note 26 to the Accounts sets out this impact.

### **Outlook**

Since the beginning of our current financial year we have continued to evaluate modest capital expenditure proposals that would enable us to increase further our levels of productivity and reduce waste. This is a necessary exercise whilst the outlook for our principal markets remains depressed.

### **People**

Finally, we would wish to express our gratitude and thanks once more to the dedication, commitment and hard work of all our colleagues within the group.

By order of the Board

  
N. Newland FCA  
Company Secretary

25 March 2003

# Goodhead Group Plc

## Directors' Report For The Year Ended 31 May 2002

The directors submit their report together with the audited financial statements of the Company and its subsidiary undertakings for the year ended 31 May 2002.

### Results and dividends

The Group made a loss on ordinary activities before taxation for the year of £2,846,000 (2001: £1,507,000).

For the year ended 31 May 2002, the directors are not recommending the payment of a final dividend (2001: £Nil).

After taxation and minority interests the retained loss deducted from reserves was £2,925,000 (2001: £1,194,000).

### Principal activities of the group

The Group's principal activities continue to be web-offset and sheet-fed printing.

During the year, the Group undertook an orderly winding down of its publishing venture, What Media Limited, which published free magazines to the computer, holiday and travel markets. However, the Group retained its interest in its Australian publishing venture, British Balls Magazines Pty Limited.

### Review of business and future developments

A review of the Group's business during the year is set out in the Board Review on pages 2 and 3.

### Subsequent Events

Subsequent to the year end, in December 2002, the Group concluded an agreement to dispose of its associate investment in OTM Group Limited for an initial cash consideration of £100,000.

### Directors

The directors who held office during the year are given below:

J Madejski OBE, DL  
J A Cooling  
N J Newland FCA  
P J Higgins

### Directors' interests

The interests of the directors and their families in the shares of the Company at the end of the year under review, all of which were beneficial, were as follows:

	20p ordinary shares	
	31 May 2002	31 May 2001
J Madejski	44,268,632	44,268,632

# **Goodhead Group Plc**

## **Directors' Report For The Year Ended 31 May 2002 (Continued)**

### **Employees**

The Group recognises the importance of employees to the success of the business and ensures they are fully informed of events that directly affect them and their working conditions.

Information on matters of concern to employees is given through newsletters that seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The involvement of employees in the success of the Group is further encouraged through participation in employee incentive schemes.

Disabled people are considered for employment having regard to their aptitude for the job concerned. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### **Charitable donations**

During the year the Group made no charitable donations (2001: £2,000).

### **Payment of suppliers**

The Group and Company's current policy concerning the payment of its suppliers is to agree the terms of payment when negotiating the terms of each transaction and to pay in accordance with its contractual and other legal obligations. The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

At the year end the balance owing to trade creditors by the Group represented 67 days of the total invoiced supplies for the year (2001: 72 days). The Company had no trade creditors at 31 May 2002 and 2001.

### **Statement of directors' responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that period. In preparing those accounts, 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 accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and 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.

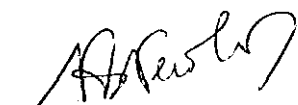
# **Goodhead Group Plc**

## **Directors' Report For The Year Ended 31 May 2002 (Continued)**

### **Auditors**

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as auditors and the directors appointed PricewaterhouseCoopers LLP, as auditors. PricewaterhouseCoopers LLP are willing to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



N J Newland FCA  
Secretary

25 March 2003

## **Independent Auditors' Report To The Members Of Goodhead Group Plc**

We have audited the financial statements on pages 8 to 28.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 and Group have 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report and the board review.


### **Basis of audit opinion**

We conducted our audit in accordance with 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 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 May 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants  
and Registered Auditors

25 March 2003



# Goodhead Group Plc

## Consolidated Profit And Loss Account For The Year Ended 31 May 2002

	Notes	2002 £'000	As restated 2001 £'000
<b>Turnover</b>			
Continuing operations		51,769	54,411
Discontinued operations		368	260
	2	52,137	54,671
Cost of sales	2	(42,114)	(44,882)
<b>Gross profit</b>	2	10,023	9,789
Distribution costs	2	(1,702)	(1,771)
Administrative expenses	2	(9,225)	(8,701)
<b>Operating profit/(loss)</b>			
Continuing operations		922	136
Discontinued operations		(1,826)	(819)
	3	(904)	(683)
Share of operating profit of associates		259	452
Provision for loss on disposal of associate	11	(322)	-
<b>Loss on ordinary activities before interest</b>	2	(967)	(231)
Interest receivable – group		117	293
Interest payable – group	4	(1,864)	(1,421)
Interest payable – associates		(132)	(148)
<b>Loss on ordinary activities before taxation</b>		(2,846)	(1,507)
Taxation on loss on ordinary activities	7	(79)	233
<b>Loss on ordinary activities after taxation</b>		(2,925)	(1,274)
Equity minority interest		-	80
<b>Retained loss for the financial year</b>	20	(2,925)	(1,194)

## Statement Of Recognised Gains And Losses For The Year Ended 31 May 2002

		2002 £'000	As restated 2001 £'000
Loss for the financial year		(2,925)	(1,194)
Total recognised gains and losses relating to the year		(2,925)	(1,194)
Prior year adjustment – FRS 19	21	(1,530)	
Total gains and losses recognised since last annual report		(4,455)	

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 11 to 29 form part of these financial statements.

# Goodhead Group Plc

## Balance Sheets At 31 May 2002

		Group		Company	
		As restated			
	Notes	2002 £'000	2001 £'000	2002 £'000	2001 £'000
<b>Fixed assets</b>					
Intangible assets	9	-	514	-	-
Tangible assets	10	39,613	38,406	45	61
Investments	11	1,013	1,455	2,632	3,026
		40,626	40,375	2,677	3,087
<b>Current assets</b>					
Stocks	12	1,678	1,691	-	-
Debtors due after more than one year	13	-	1,666	-	2,916
Debtors due within one year	13	7,238	9,199	2,394	318
Cash at bank and in hand	4	2,016	12,360	11,827	
		8,920	14,572	14,754	15,061
<b>Creditors – amounts falling due within one year</b>					
Loans and overdrafts	14	(2,045)	(833)	(640)	(640)
Other	15	(16,368)	(18,140)	(412)	(416)
		(18,413)	(18,973)	(1,052)	(1,056)
<b>Net current (liabilities)/assets</b>		(9,493)	(4,401)	13,702	14,005
<b>Total assets less current liabilities</b>		31,133	35,974	16,379	17,092
<b>Creditors – amounts falling due after more than one year</b>					
Loans	16	(3,059)	(2,922)	(160)	(800)
Other	17	(13,565)	(15,419)	-	-
		(16,624)	(18,341)	(160)	(800)
<b>Provisions for liabilities and charges</b>	18	(1,555)	(1,754)	(123)	(153)
<b>Net assets</b>		12,954	15,879	16,096	16,139
<b>Capital and reserves</b>					
Called up share capital	19	8,854	8,854	8,854	8,854
Share premium account	20	4,420	4,420	4,420	4,420
Other reserves	20	699	699	-	-
Profit and loss account	20	(1,019)	1,906	2,822	2,865
<b>Total equity shareholders' funds</b>	21	12,954	15,879	16,096	16,139

Approved by the Board on 25 March 2003 and signed on its behalf by:

  
N.J. Newland FCA

The notes on pages 11 to 29 form part of these financial statements.

# Goodhead Group Plc

## Consolidated Cash Flow Statement For The Year Ended 31 May 2002

	<i>Notes</i>	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
<b>Net cash inflow from operating activities</b>	<b>22(1)</b>	<b>6,205</b>	<b>8,478</b>
<b>Dividends received from associates</b>		<b>111</b>	<b>18</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		272	449
Interest paid		(364)	(271)
Interest element of finance lease rental payments		(1,476)	(1,138)
		<b>(1,568)</b>	<b>(960)</b>
<b>Taxation</b>			
UK Corporation tax refunded/(paid)		86	(346)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,257)	(5,427)
Sale of tangible fixed assets		213	835
		<b>(2,044)</b>	<b>(4,592)</b>
<b>Acquisitions</b>			
Purchase of business		-	(527)
Purchase of shares in associate	11	(11)	-
Repayment of preference shares by associates		-	300
Minority shares subscribed in subsidiary		-	80
		<b>(11)</b>	<b>(147)</b>
<b>Financing</b>			
Debt due within one year:			
- invoice discounting		585	-
Debt due beyond one year:			
- new secured loans		1,311	1,500
- repayment of amounts borrowed		(926)	(800)
- capital element of finance lease rental payments		(6,140)	(3,868)
		<b>(5,170)</b>	<b>(3,168)</b>
<b>Decrease in cash</b>	<b>22(2)</b>	<b>(2,391)</b>	<b>(717)</b>

The notes on pages 11 to 29 form part of these financial statements.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002

### 1 Accounting Policies

#### (1) Basis of accounting

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards. The accounting policies are the same as those used last year, except for the adoption of the transitional arrangements of FRS 17 "Retirement Benefits" and the adoption of FRS 18 "Accounting Policies" and FRS 19 "Deferred Taxation", which are effective for the first time this year.

In respect of Retirement Benefits, in accordance with the transitional arrangements permitted by FRS 17, the Group's results do not include the effect of fully implementing FRS 17. However, the impact on the balance sheet at 31 May 2002 has been disclosed in Note 26.

In adopting FRS 18, the Directors have reviewed the accounting policies and estimation techniques used by the Group and have satisfied themselves that these are the most appropriate policies for the Group. As a result of this review there has been no change to the Group's accounting policies arising from the adoption of FRS 18.

FRS 19 requires that full provision is made for deferred taxation on all timing differences and replaces the previous policy which permitted partial provision only. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. The effect of the change in the accounting policy to adopt FRS 19 was to decrease tax on loss on ordinary activities by £98,000 (2001: £269,000) and to reduce loss for the financial year by £98,000 (2001: £269,000).

#### (2) Turnover

Turnover represents the value of goods and services provided during the financial year to customers outside the Group excluding value added tax.

#### (3) Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of work in progress includes materials, labour and an appropriate proportion of attributable overheads.

#### (4) Depreciation

Fixed assets are depreciated so as to write each asset down to its net realisable value in equal instalments over expected useful lives as follows:

Freehold buildings	50 years
Leasehold buildings	Amortised over the unexpired portions of the lease up to a maximum of 50 years
Plant and machinery	3 to 10 years

#### (5) Finance and operating leases

Fixed assets held under finance leases are capitalised at an amount equivalent to their cost and are depreciated over their useful economic lives on a basis consistent with owned assets. The corresponding liability is included in creditors. Interest included within lease payments is charged to the profit and loss account over the period of the lease at a rate to reflect the capital payments outstanding.

Amounts payable under operating leases are charged to the profit and loss account as incurred.

# **Goodhead Group Plc**

## **Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)**

### **1 Accounting Policies (Continued)**

#### **(6) Foreign currencies**

Balance sheet items in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date. Income earned in foreign currencies is recognised in the profit and loss account at the exchange rate ruling at the date of the transaction or, where a related forward exchange contract has been entered into, at the rate specified in the forward contract. Exchange differences arising from trading and on the translation of monetary assets and liabilities are dealt with in the profit and loss account.

Profit and loss accounts of overseas companies are translated into sterling at average rates of exchange for the relevant accounting period. Exchange differences arising from the retranslation of the opening net assets and the profit and loss accounts to the closing rates, and exchange differences on long term foreign currency loans which relate to investments in overseas assets, are dealt with as movements on reserves.

#### **(7) Deferred taxation**

The Group has adopted FRS 19 "Deferred Taxation" for the first time this year. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured using the average tax rate that is expected to apply in the period in which the timing differences are expected to reverse. An asset is not recognised where the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### **(8) Goodwill**

Goodwill arising on the acquisition of businesses is calculated as the difference between the cost of acquisition and the fair value of the underlying net assets. Goodwill arising on acquisitions is capitalised and amortised on a straight line basis through the profit and loss account over its useful economic life not exceeding 20 years. Goodwill arising prior to 1 June 1998 was written off directly to reserves upon acquisition.

#### **(9) Pensions**

Pension costs for the Group's defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of the employees in the scheme. Variations from the regular cost are spread over the average future service lives of employees in the scheme. For defined contribution schemes, costs are charged to the profit and loss account as incurred.

#### **(10) Associates**

The appropriate share of the results of associates is shown separately in the consolidated profit and loss account. The amount included in the consolidated balance sheet is the Group's share of the net assets of the associates less provisions.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 2 Segmental Information

Group turnover, profit before interest and tax ("PBIT") and net assets by class of business and geographical origin are as follows:

Class of business	2002			2001		
	Sales	PBIT	Net assets	Sales	PBIT	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Continuing operations</b>						
Printing	52,000	1,103	(2,838)	54,598	323	1,746
Publishing	148	(79)	(134)	27	(42)	(42)
Corporate items and inter-segmental sales	(379)	(102)	17,496	(214)	(145)	13,366
	51,769	922	14,524	54,411	136	15,070
Associates	-	259	1,013	-	452	1,455
Exceptional item	-	(322)	-	-	-	-
	51,769	859	15,537	54,411	588	16,525
<b>Discontinued operations</b>						
Publishing	368	(1,826)	(2,583)	260	(819)	(646)
	52,137	(967)	12,954	54,671	(231)	15,879
<b>Geographical origin</b>						
	Sales	PBIT	Net assets	Sales	PBIT	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Continuing operations</b>						
United Kingdom	51,621	1,001	14,658	54,384	178	15,112
Australia	148	(79)	(134)	27	(42)	(42)
Associates:						
- United Kingdom	-	(235)	91	-	117	663
- Canada	-	494	922	-	335	792
United Kingdom – exceptional item	-	(322)	-	-	-	-
	51,769	859	15,537	54,411	588	16,525
<b>Discontinued operations</b>						
United Kingdom	368	(1,826)	(2,583)	260	(819)	(646)
	52,137	(967)	12,954	54,671	(231)	15,879

Geographical analysis of turnover by destination is not materially different from the analysis by origin as shown above.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 2 Segmental Information (Continued)

	2002			2001		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Cost of sales	41,592	522	42,114	44,477	405	44,882
Gross profit	10,177	(154)	10,023	9,934	(145)	9,789
<b>Net operating expenses</b>						
Distribution costs	1,530	172	1,702	1,668	103	1,771
Administrative expenses	7,725	1,500	9,225	8,130	571	8,701
	<b>9,255</b>	<b>1,672</b>	<b>10,927</b>	<b>9,798</b>	<b>674</b>	<b>10,472</b>

### 3 Operating Loss

Operating loss is stated after charging / (crediting):

	2002 £'000	2001 £'000
Wages and salaries	14,145	15,017
Social security costs	1,066	1,303
Other pension costs	619	617
Depreciation		
- owned assets	1,972	1,776
- leased assets	4,245	3,116
Goodwill amortisation	514	13
Profit on disposal of fixed assets	(59)	(30)
Foreign exchange losses/(gains)	43	(23)
Operating lease payments		
- hire of plant and machinery	205	186
- other operating leases	1,409	1,099
Auditors' remuneration	45	45

The auditors' remuneration for the statutory audit of the Company amounted to £3,000 (2001: £3,000). Non audit fees paid to the auditors in the year amounted to £15,000 (2001: £4,000).

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 4 Interest Payable And Similar Charges

	2002 £'000	2001 £'000
On bank loans, overdrafts and other loans		
- repayable within five years, by instalments	1,613	1,280
- repayable after more than five years by instalments	182	133
- repayable within five years, not by instalments	69	8
	<hr/> 1,864	<hr/> 1,421

Included in the above is the interest element of charges payable under finance leases amounting to £1,489,000 (2001: £1,137,000).

### 5 Directors' Emoluments

	2002 £'000	2001 £'000
Aggregate emoluments	284	282
Company contributions paid to money purchase pension schemes	24	24
	<hr/> 308	<hr/> 306

Retirement benefits are accruing to two directors under money purchase pension schemes (2001: 2).

#### Highest Paid Director

	2002 £'000	2001 £'000
Aggregate emoluments	136	136
Company contributions paid to money purchase pension schemes	12	12
	<hr/> 148	<hr/> 148

### 6 Employees

The average number of employees in the Group (including directors) during the year was as follows:

	2002 Number	2001 Number
Print	582	610
Publishing	17	16
Central	3	4
	<hr/> 602	<hr/> 630



# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 7 Tax On Loss On Ordinary Activities

Taxation on the loss for the year comprises:

	2002 £'000	2001 £'000
UK Corporation tax at 30% (2001: 30%)	99	99
Adjustment in respect of previous periods	(3)	(133)
ACT previously written off now written back	(66)	(66)
Group's share of taxation of associates	147	136
Total current tax	177	36
Deferred tax credit	(98)	(269)
	79	(233)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year is different to the standard rate for the reasons set out in the following reconciliation:

	2002 £'000	2001 £'000
Loss on ordinary activities before tax	(2,846)	(1,507)
Loss on ordinary activities multiplied by the standard rate in the UK (30%)	(853)	(452)
<b>Factors affecting tax charge for the year:</b>		
Expenses not deductible for tax purposes	274	81
Accelerated capital allowances and other timing differences	(548)	(189)
Adjustment in respect of foreign tax rates	17	11
ACT previously written off now written back	(66)	(66)
Tax losses in the year not utilised	1,356	784
Adjustments to tax charge in respect of previous periods	(3)	(133)
Total current tax charge for the year	177	36

### 8 Goodhead Group Plc Profit And Loss Account

Under the provisions of the Companies Act 1985 the Company is not required to publish its own profit and loss account. The Group's profit after taxation for the financial year is after accounting for the Company's loss of £43,000 (2001: profit of £703,000).

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 9 Intangible Fixed Assets

Group	Goodwill £'000
<b>Cost</b>	
At 31 May 2002 and 31 May 2001	527
<b>Accumulated amortisation</b>	
At 1 June 2001	13
Charge for the year	514
<b>At 31 May 2002</b>	<b>527</b>
<b>Net book amount</b>	
At 31 May 2002	-
At 31 May 2001	514

At 31 May 2002, unamortised goodwill of £488,000 in relation to the acquisition of What Media Limited was considered by the directors to be impaired and consequently this amount has been written off in full to the profit and loss account.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 10 Tangible Assets

	Land and buildings £'000	Plant and machinery £'000	Group Total £'000	Company Plant and machinery £'000
<b>Cost</b>				
At 1 June 2001	5,116	49,879	54,995	245
Additions	79	7,499	7,578	4
Disposals	(2)	(1,185)	(1,187)	(27)
<b>At 31 May 2002</b>	<b>5,193</b>	<b>56,193</b>	<b>61,386</b>	<b>222</b>
<b>Accumulated depreciation</b>				
At 1 June 2001	417	16,172	16,589	184
Charge for the year	158	6,059	6,217	17
Disposals	(1)	(1,032)	(1,033)	(24)
<b>At 31 May 2002</b>	<b>574</b>	<b>21,199</b>	<b>21,773</b>	<b>177</b>
<b>Net book amount</b>				
<b>At 31 May 2002</b>	<b>4,619</b>	<b>34,994</b>	<b>39,613</b>	<b>45</b>
At 31 May 2001	4,699	33,707	38,406	61

The cost and net book amount of plant and machinery held under finance leases at 31 May 2002 is £41,746,000 and £29,624,000 respectively (2001: £34,060,000 and £25,901,000).

	2002 £'000	2001 £'000
The net book amount of land and buildings comprises:		
Freehold properties	3,734	3,784
Short leasehold properties	885	915
	<b>4,619</b>	<b>4,699</b>

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 11 Investments

	Group		Company	
	Investments in associates £'000	Shares in subsidiary undertakings £'000	Investments in associates £'000	Total £'000
At 1 June 2001	1,455	2,260	766	3,026
Additions in year	11	-	11	11
Group's share of losses of associates	(131)	-	-	-
<b>At 31 May 2002</b>	<b>1,335</b>	<b>2,260</b>	<b>777</b>	<b>3,037</b>
<b>Impairment provision</b>				
At 1 June 2001	-	-	-	-
Charge for the year	322	-	405	405
<b>At 31 May 2002</b>	<b>322</b>	<b>-</b>	<b>405</b>	<b>405</b>
<b>Net book amount</b>				
<b>At 31 May 2002</b>	<b>1,013</b>	<b>2,260</b>	<b>372</b>	<b>2,632</b>
At 31 May 2001	1,445	2,260	766	3,026

The Group's share of the retained profits of associates at 31 May 2002 was £556,000 (2001: £687,000).

Subsequent to the year end, in December 2002, the Company concluded an agreement to dispose of its associate investment in OTM Group Limited for an initial cash consideration of £100,000. A provision for the estimated loss on disposal of approximately £322,000 and £405,000 for the Group and Company respectively has been made based upon an estimate of the deferred consideration of £400,000 likely to be received.

The principal subsidiary undertakings at 31 May 2002, which are all fully consolidated, were:

Name	Holding	Proportion of shares held	Country of operation and incorporation	Nature of business
<i>Directly held by the Company</i>				
benhamgoodheadprint limited	Ordinary shares	100%	United Kingdom	Printing and print finishing
Stones The Printers Limited	Ordinary shares	100%	United Kingdom	Printing
What Media Limited	Ordinary shares	60%	United Kingdom	Publishing
<i>Indirectly held by the Company</i>				
British Balls Magazine Pty Ltd	Ordinary shares	60%	Australia	Publishing

The proportion of voting rights does not differ from the proportion of ordinary shares held in each company.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 11 Investments (Continued)

The Group's principal associates at 31 May 2002, which are all held directly by the Company, were:

Name	Holding	Proportion of shares held	Country of operation and incorporation	Nature of business
OTM Group Limited	Ordinary shares	42%	United Kingdom	Design and production of publicity material
Annex Publishing and Printing Inc	Common Shares	24.99%	Canada	Publishing
The Reading Broadcasting Company Limited	Ordinary Shares	21.05%	United Kingdom	Local Radio

### 12 Stocks

	2002 £'000	Group 2001 £'000
Raw materials and consumables	1,371	1,158
Work in progress and finished goods for resale	307	533
	<b>1,678</b>	<b>1,691</b>

### 13 Debtors

	2002 £'000	Group 2001 £'000	2002 £'000	Company 2001 £'000
<b>Debtors due after more than one year</b>				
Amounts owed by group undertakings	-	-	-	1,250
Amounts owed by associates	-	1,666	-	1,666
	-	<b>1,666</b>	-	<b>2,916</b>
<b>Debtors due within one year</b>				
Trade debtors	6,215	7,134	-	-
Amounts owed by group undertakings	-	-	2,251	1
Amounts owed by associates	119	257	119	257
Corporation tax recoverable	-	117	-	-
Other debtors	789	1,478	22	53
Prepayments and accrued income	115	213	2	7
	<b>7,238</b>	<b>9,199</b>	<b>2,394</b>	<b>318</b>
<b>Total</b>	<b>7,238</b>	<b>10,865</b>	<b>2,394</b>	<b>3,234</b>

During the year, Annex Publishing & Printing Inc repaid loan notes of C\$3,437,500 in cash.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 14 Loans And Overdrafts - Amounts Falling Due Within One Year

	2002	Group	2002	Company
	£'000	2001	£'000	2001
		£'000		£'000
Bank overdrafts (secured and payable on demand)	379	-	-	-
Bank loans (payable in instalments)	1,081	833	640	640
Invoice discounting	585	-	-	-
	<b>2,045</b>	<b>833</b>	<b>640</b>	<b>640</b>

Amounts due under invoice discounting are secured against the trade debtors of a subsidiary company.

### 15 Creditors - Amounts Falling Due Within One Year

	2002	Group	2002	Company
	£'000	2001	£'000	2001
		£'000		£'000
Trade creditors	7,600	9,044	-	-
Amounts owed to group undertakings	-	-	254	255
Amounts owed to associate	1	32	-	5
Corporation tax	-	-	-	15
Other creditors	589	1,801	52	22
Accruals and deferred income	1,129	1,435	91	115
Obligations under finance leases	6,707	5,457	-	-
Other taxation and social security	342	371	15	4
	<b>16,368</b>	<b>18,140</b>	<b>412</b>	<b>416</b>

### 16 Loans - Amounts Falling Due After More Than One Year

	2002	Group	2002	Company
	£'000	2001	£'000	2001
		£'000		£'000
Bank loans (secured)	3,059	2,922	160	800
Repayable by instalments:				
- between one and two years	627	841	160	640
- between two and five years	1,409	820	-	160
- after more than five years	1,023	1,261	-	-
	<b>3,059</b>	<b>2,922</b>	<b>160</b>	<b>800</b>

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 16 Loans - Amounts Falling Due After More Than One Year (Continued)

The Group has the following sterling denominated bank loans outstanding at 31 May 2002:

- (i) A bank loan of £800,000 (2001: £1,440,000) which bears a fixed rate of interest of 8.25% per annum and is repayable by equal quarterly instalments up to June 2003. The loan is secured by way of fixed and floating charges over the assets of the Group.
- (ii) Three bank loans of £448,000, £366,000 and £1,312,000 (2001: £492,000, £402,000, and £1,421,000) which bear a fixed rate of interest of 9.375%, 9.25%, and 7.233% per annum respectively are repayable by equal quarterly instalments up to April 2012, June 2012, and August 2010 respectively. The interest rate on the first two loans reverts to floating rates for the last five years of the term. The bank loans are secured on the freehold properties of the company concerned.
- (iii) Five bank loans totalling £1,214,000 (2001: £nil) which bear fixed rates of interest between 5.76% and 6.09% are repayable by equal quarterly instalments up to November 2006. The loans are secured on the specific items of equipment which are financed.

### 17 Creditors - Amounts Falling Due After More Than One Year

	2002 £'000	Group 2001 £'000
Obligations under finance leases:		
- between one and two years	5,807	5,719
- between two and five years	7,758	9,700
	<b>13,565</b>	<b>15,419</b>

### 18 Provisions For Liabilities And Charges

	Deferred Taxation £'000	Property £'000	Group Total £'000	Company Property £'000
At 1 June 2001 as previously reported	-	224	224	153
Prior year adjustment	1,530	-	1,530	-
At 1 June 2001 as restated	1,530	224	1,754	153
Credited to the profit and loss account	(98)	-	(98)	-
Utilised during the year	-	(101)	(101)	(30)
<b>At 31 May 2002</b>	<b>1,432</b>	<b>123</b>	<b>1,555</b>	<b>123</b>

#### Provision for leasehold property obligations

The provision for leasehold property obligations relates to the rent and associated costs of vacant properties and properties that are sublet at a shortfall of rental income compared with rental expense, net of future expected rent receivable from sublets. The property leases have expiry dates that range from June 2003 to December 2014.

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 18 Provisions For Liabilities And Charges (Continued)

#### Provision for deferred taxation

##### Group

Deferred tax provided in the accounts relates to:

	2002 £'000	As restated 2001 £'000
Accelerated capital allowances	2,796	1,930
Taxation losses carried forward	(1,364)	(400)
	1,432	1,530

##### Company

The Company has no liability for deferred taxation as at 31 May 2002 (2001: £Nil).

### 19 Share Capital

#### Group and Company

	2002 Number	2001 Number	2002 £'000	2001 £'000
<b>Authorised</b>				
Equity:				
Ordinary shares of 20p each	60,000,000	60,000,000	12,000	12,000
	2002 Number	2001 Number	2002 £'000	2001 £'000
<b>Allotted and fully paid</b>				
Equity:				
Ordinary shares of 20p each				
At 1 June	44,268,632	44,167,277	8,854	8,833
Allotted on conversion of preference shares	-	101,355	-	21
At 31 May	44,268,632	44,268,632	8,854	8,854
<b>Non-equity:</b>				
<b>7% convertible cumulative redeemable preference shares of £1 each</b>				
At 1 June	-	141,897	-	142
Conversion into ordinary shares of 20p each	-	(141,897)	-	(142)
At 31 May	-	-	-	-
<b>Total</b>	<b>44,268,632</b>	<b>44,268,632</b>	<b>8,854</b>	<b>8,854</b>

During the year to 31 May 2001, 141,897 issued 7% convertible cumulative redeemable preference shares of £1 each were converted at £1.40 per ordinary share into 101,355 issued ordinary shares of 20p each.



# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 20 Reserves

Group	Share Premium £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 June 2001 as previously reported	4,420	699	3,436	8,555
Prior year adjustment – FRS 19	-	-	(1,530)	(1,530)
At 1 June 2001 as restated	4,420	699	1,906	7,025
Loss for the financial year	-	-	(2,925)	(2,925)
<b>At 31 May 2002</b>	<b>4,420</b>	<b>699</b>	<b>(1,019)</b>	<b>4,100</b>

The cumulative amount of goodwill written off in respect of acquisitions at 31 May 2002 net of goodwill relating to subsidiary undertakings or businesses sold is £2,149,000 (2001: £2,149,000).

Company	Share Premium £'000	Profit And loss account £'000	Total £'000
At 1 June 2001	4,420	2,865	7,285
Profit for the financial year	-	(43)	(43)
<b>At 31 May 2002</b>	<b>4,420</b>	<b>2,822</b>	<b>7,242</b>

### 21 Reconciliation Of Movements In Shareholders' Funds

	2002 £'000	Group As restated 2001 £'000	2002 £'000	Company 2001 £'000
(Loss)/profit attributable to shareholders	(2,925)	(1,194)	(43)	703
Issue of ordinary shares	-	142	-	142
Conversion of preference shares	-	(142)	-	(142)
Net (decrease)/increase in shareholders' funds	(2,925)	(1,194)	(43)	703
Opening shareholders' funds as previously reported	17,409	18,872	16,139	15,436
Prior year adjustment – FRS 19	(1,530)	(1,799)	-	-
Opening shareholders' funds as restated	15,879	17,073	16,139	15,436
<b>Closing shareholders' funds</b>	<b>12,954</b>	<b>15,879</b>	<b>16,096</b>	<b>16,139</b>

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 22 Notes To The Group Cash Flow Statement

#### (1) Reconciliation of operating loss to net cash inflow from operating activities

	2002 £'000	2001 £'000
Operating loss	(904)	(683)
Depreciation	6,217	4,892
Goodwill amortisation	514	13
Profit on disposal of fixed assets	(59)	(30)
Decrease in stocks	13	26
Decrease in debtors	3,345	3,373
(Decrease)/increase in creditors	(2,921)	887
<b>Net cash inflow from operating activities</b>	<b>6,205</b>	<b>8,478</b>

#### (2) Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Decrease in cash in year	(2,391)	(717)
Cash flow from movement in debt and lease financing	5,170	3,168
<b>Change in net debt resulting from cash flows</b>	<b>2,779</b>	<b>2,451</b>
New finance leases	(5,536)	(13,892)
<b>Movement in net debt in the year</b>	<b>(2,757)</b>	<b>(11,441)</b>
Net debt at 1 June 2001	(22,615)	(11,174)
<b>Net debt at 31 May 2002</b>	<b>(25,372)</b>	<b>(22,615)</b>

#### (3) Analysis of net debt

	At 31 May 2001 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 May 2002 £'000
Cash at bank and in hand	2,016	(2,012)	-	4
Bank overdrafts	-	(379)	-	(379)
	2,016	(2,391)	-	(375)
Debt due after 1 year	(2,922)	(1,311)	1,174	(3,059)
Debt due within 1 year	(833)	341	(1,174)	(1,666)
Finance leases	(20,876)	6,140	(5,536)	(20,272)
<b>Total</b>	<b>(22,615)</b>	<b>2,779</b>	<b>(5,536)</b>	<b>(25,372)</b>

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 23 Capital Commitments

	2002 £'000	2001 £'000
Authorised but not contracted	12	1,365
Contracts placed	54	5,675
	<b>66</b>	<b>7,040</b>

### 24 Contingent Liabilities

The Group has no contingent liabilities at the year end (2001: £nil).

Under the terms of the Group's arrangements with its main banker, the bank has a right of set off between credit balances and all overdrawn balances of those Group undertakings with similar arrangements.

Goodhead Group PLC is party to a multi-lateral guarantee given by all companies within the Group in respect of a bank overdraft facility. At 31 May 2002 the maximum contingent liability under this guarantee was £379,000 (2001: £Nil).

### 25 Commitments Under Operating Leases

The Group is committed to annual payments under operating leases terminating:

	Land and buildings		Other	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Within one year	58	25	46	54
Within two to five years	12	35	166	171
Over five years	1,324	1,221	-	-
	<b>1,394</b>	<b>1,281</b>	<b>212</b>	<b>225</b>

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 26 Pension Commitments

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by that standard. FRS 17 was issued in November 2000 with full adoption not mandatory for this year. However, transitional arrangements require additional disclosures for year ended 31 May 2002 and to the extent that these disclosures are not given in (a), they are set out in (b).

#### (a) SSAP 24

The Group operates pension schemes covering certain of its employees and directors. The Principal Scheme is the Goodhead Group Pension Life and Disability Plan, which is a mixed benefit arrangement. The assets of the Scheme are held separately from those of the Group in an independently administered fund and the Scheme is subject to actuarial valuation every three years. The contributions are determined by a professionally qualified actuary on the basis of valuations using the Projected Unit Method. The most recent valuation was at 1 June 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The actuarial assumptions used for the 1 June 2000 valuation are that investment returns would be 2.0% more than salary increases, and future pensions would increase at the rate laid down in the Rules. The 1 June 2000 actuarial valuation showed that the market value of the assets was £9,249,000 which represented 99% of the benefits that had accrued to pensioners, deferred pensioners and members after allowing for expected future increases in earnings. The small actuarial deficit of £50,000 is being amortised over the average remaining service lives of the Scheme's members. On a discontinuance basis the market value of the assets represented only 95% of the benefits accrued at the valuation date.

Contributions in respect of the defined contribution section of the Plan are charged to the profit and loss account as incurred. The pension cost for the year for the defined contribution section of the Plan amounted to £51,000 (2001: £52,000).

#### (b) FRS 17

The valuation used for the FRS 17 disclosures below for the Goodhead Group Pension Life and Disability Plan has been based on the most recent actuarial valuation at 1 June 2000 and updated by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the Plan at 31 May 2002.

The contributions made by the employer over the financial year have been £584,000. Of these contributions £51,000 was paid in respect of members of the money purchase section of the Plan. The current contribution rate is to continue until reviewed at the next valuation.

The transitional arrangements of FRS 17 require disclosure of assets and liabilities of the Plan as at 31 May 2002 calculated in accordance with the requirements of FRS 17. For the purpose of these financial statements, these figures are illustrative only and do not impact on the actual 31 May 2002 balance sheet. The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

Valuation method	Projected unit
Inflation rate	3.0% per annum
Salary increases	4.5% per annum
Discount rate	6.0% per annum
LPI increases on pensions in payment	3.0% per annum
Revaluation rate for deferred pensioners	3.0% per annum

# Goodhead Group Plc

## Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)

### 26 Pension Commitments (Continued)

#### (b) FRS 17 (Continued)

On the basis of the assumptions set out above the assets and liabilities of the Plan are as follows:

	£'000
<b>Assets</b>	<b>9,836</b>
Liabilities – Final salary	(14,150)
Liabilities – Money purchase	(250)
<b>Liabilities – Total</b>	<b>(14,400)</b>
<b>Deficit in the plan</b>	<b>(4,564)</b>
Related deferred tax asset	1,369
<b>Net pension liability</b>	<b>(3,195)</b>

The assets of the scheme at 31 May 2002 are analysed as follows:

	£'000	%
Equities	8,086	82.2
Bonds	1,645	16.7
Cash	105	1.1
<b>Total</b>	<b>9,836</b>	<b>100.0</b>

The expected long term rate of return at 31 May 2002 is 5.5% for bonds, 7.5% for equities and 4.0% for cash.

The effect of the FRS 17 pension liability on the net assets and reserves of the Group are set out below:

	£'000
<b>Net assets</b>	
Net assets excluding pensions liability	12,954
Pension liability	(3,195)
<b>Net assets including pension liability</b>	<b>9,759</b>
<b>Reserves</b>	
Profit and loss deficit excluding pension liability	(1,019)
Pension liability	(3,195)
<b>Profit and loss deficit including pension liability</b>	<b>(4,214)</b>

# **Goodhead Group Plc**

## **Notes To The Financial Statements For The Year Ended 31 May 2002 (Continued)**

### **27 Other Commitments**

The Group enters into forward foreign exchange contracts to eliminate the currency exposures that arise on sales denominated in foreign currencies.

At 31 May 2002 the Group had forward foreign exchange contract commitments to sell the equivalent of £1,682,000 (2001: £947,000) in respect of future income receivable in foreign currencies. These contracts all mature by 6 December 2002.

### **28 Related Party Transactions**

#### **Transactions with OTM Group Limited**

The Group made purchases from and sales to OTM Group Limited, its associate, in the year of £1,000 and Nil respectively (2001: £31,000 and £25,000 respectively). The balance due to OTM Group at 31 May 2002 was £1,000 (2000: £32,000).

OTM Facilities Limited owes Goodhead Group PLC an amount of £100,000 at 31 May 2002 (2001: £200,000), by way of an unsecured loan which earns interest at 2% above base rate and is repayable by equal half year instalments with the last instalment due 31 December 2002.

### **29 Subsequent Events**

Subsequent to the year end, in December 2002, the Group concluded an agreement to dispose of its associate investment in OTM Group Limited for an initial cash consideration of £100,000. A provision for the estimated loss on disposal of approximately £322,000 has been made in the accounts for the year ended 31 May 2002 (Note 11).

### **30 Ultimate Controlling Party**

John Madejski is the ultimate controlling party of the Company.

## **Goodhead Group Plc**

**John Madejski OBE, DL – 61 years**  
(CHAIRMAN)

Chairman since June 1991. Founded Auto Trader magazine in 1976 and sold the business in July 1998. Chairman of The Reading Football Club Ltd.

**John Alfred Cooling – 49 years**  
(MANAGING DIRECTOR)

A director since June 1992. Formerly a banker and financial consultant. Non-Executive director of Microlease plc.

**Nicholas John Newland FCA – 54 years**  
(FINANCE DIRECTOR)

A director since April 1992. Formerly a financial management consultant and Finance Director of Kennedy Brookes plc.

**Paul James Higgins - 46 years**

A director since 1991. Corporate finance specialist and chairman of a number of companies in the Design, Marketing and Publishing sectors.

**Secretary**

**Nicholas John Newland FCA**

### **Registered office**

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### **Solicitors**

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