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Registered number  
04371448

Angel Magazines Limited

Report and Accounts

31 December 2002



**Angel Magazines Limited**  
**Report and accounts**  
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**Angel Magazines Limited**  
**Company Information**

**Director**

J D G Isaac

**Secretary**

T Borsheim

**Auditors**

Linn Maggs Goldwin  
38-40 London Fruit Exchange  
Brushfield Street  
London  
E1 6EU

**Bankers**

Bank of Scotland  
PO Box 208  
21 Prince Street  
Bristol  
BS99 7JG

**Solicitors**

Osborne Clarke  
Hillgate House  
26 Old Bailey  
London  
EC4M 7HW

**Registered office**

7th Floor  
Hillgate House  
26 Old Bailey  
London  
EC4M 7HW

**Registered number**

04371448

## **Angel Magazines Limited**

### **Directors' Report**

The directors present their report and accounts for the period ended 31 December 2002.

#### **Incorporation**

The company was incorporated on 11 February 2002 as Hillgate (293) Limited. The name was changed on 14 July 2002 to JIA Limited, and changed again on 23 September 2002. Trading commenced on 23 August 2002.

#### **Principal activities and review of the business**

The company's principal activity during the period was that of magazine publishing.

On 23 August 2002 the company acquired the business of the Angel Magazines partnership. Since that date management has concentrated on improving marketing of the company's products, and internal procedures, and is now seeing the impact of those improvements in results. Management is confident that further turnover and profit growth will be achieved during 2003.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £23,286. The directors do not recommend the payment of a dividend for the period under review.

#### **Directors**

The directors who served during the period were as follows:

Hillgate Secretarial Limited (appointed 11 February 2002, resigned 19 August 2002)

Hillgate Nominees Limited (appointed 11 February 2002, resigned 1 August 2002)

J D G Isaac (appointed 1 August 2002)

None of the directors have an interest in the shares of the company. The interests of the directors in the shares of the ultimate parent undertaking are shown in that company's accounts.

#### **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 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

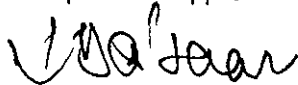
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Angel Magazines Limited**  
**Directors' Report**

**Auditors**

A resolution to reappoint Linn Maggs Goldwin as auditors will be put to the member at the Annual General Meeting.

This report was approved by the board on 26 September 2003

A handwritten signature in black ink, appearing to read 'J D G Isaac', written in a cursive style.

J D G Isaac  
Director

## **Angel Magazines Limited**

### **Independent auditors' report to the shareholder of Angel Magazines Limited**

We have audited the accounts of Angel Magazines Limited for the period from incorporation on 11 February 2002 to 31 December 2002 which comprise pages 5 to 12. These accounts 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 accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

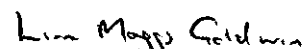
#### **Basis of audit opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Linn Maggs Goldwin  
Registered auditors

38-40 London Fruit Exchange  
Brushfield Street  
London  
E1 6EU

20 September 2003

**Angel Magazines Limited**  
**Profit and Loss Account**  
for the period from 11 February 2002 to 31 December 2002

	Notes	2002 £
<b>Turnover</b>	2	172,514
Cost of sales		(68,897)
<b>Gross profit</b>		<u>103,617</u>
Distribution costs		(12,577)
Administrative expenses		(66,283)
<b>Operating profit</b>	3	<u>24,757</u>
Interest receivable		170
Interest payable	5	(1)
<b>Profit on ordinary activities before taxation</b>		<u>24,926</u>
Tax on profit on ordinary activities	6	(1,640)
<b>Profit for the period</b>		<u>23,286</u>
<b>Retained profit for the period</b>	13	<u>23,286</u>

**Continuing operations**


The company's activities were acquired on 23 August 2002.

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above period.

**Angel Magazines Limited**  
**Balance Sheet**  
**as at 31 December 2002**

	Notes	2002 £
<b>Fixed assets</b>		
Intangible assets	7	537,630
Tangible assets	8	8,433
		<u>546,063</u>
<b>Current assets</b>		
Debtors	9	80,006
Cash at bank and in hand		47,604
		<u>127,610</u>
<b>Creditors: amounts falling due within one year</b>	10	(648,746)
<b>Net current liabilities</b>		<u>(521,136)</u>
<b>Total assets less current liabilities</b>		<u>24,927</u>
<b>Provisions for liabilities and charges</b>		
Deferred taxation	11	(1,640)
Other provisions		-
		<u>23,287</u>
<b>Capital and reserves</b>		
Called up share capital	12	1
Profit and loss account	13	23,286
<b>Shareholder's funds:</b>		
Equity		<u>23,287</u>
	14	<u>23,287</u>



J D G Isaac  
 Director

Approved by the board on 20 September 2003



**Angel Magazines Limited**  
**Notes to the Accounts**  
**for the period from 11 February 2002 to 31 December 2002**

**1 Accounting policies**

***Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

***Intangible fixed assets***

On the acquisition of a business, fair values are attributable to the assets acquired. Where the cost of acquisition exceeds the fair values attributable to such assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

Purchased goodwill is amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

The directors review the carrying values of intangible fixed assets annually, and where an impairment is identified they are written down to their recoverable amounts, representing value in use to the business.

***Depreciation***

Depreciation is provided on all tangible 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:

Plant and machinery	over 3 to 5 years
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***Deferred taxation***

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

***Leasing and hire purchase commitments***

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

***Revenue and cost recognition***

Advertising revenue is recognised in the month of issue publication, and direct costs in respect of that issue are also recognised in that particular month.

All other running costs are recognised in the period to which they relate.

All revenue is net of value added tax and trade discounts.

**Angel Magazines Limited****Notes to the Accounts****for the period from 11 February 2002 to 31 December 2002****2 Turnover**

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity, that of magazine publishing.

**3 Operating profit****2002****£**

This is stated after charging:

Depreciation of owned fixed assets	809
Amortisation of goodwill	9,111
Operating lease rentals - land buildings	6,000
Auditors' remuneration	<u>2,000</u>

**4 Staff costs****2002****£**

Salaries and commissions	33,284
Social security costs	<u>3,110</u>
	<u>36,394</u>

**Average number of employees during the period****Number**

Administration	1
Production	1
Editorial	1
Sales	<u>4</u>
	<u>7</u>

**5 Interest payable****2002****£**

Bank loans and overdrafts	<u>1</u>
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**Angel Magazines Limited**  
**Notes to the Accounts**  
**for the period from 11 February 2002 to 31 December 2002**

<b>6 Taxation</b>	<b>2002</b>
	<b>£</b>
<b>Analysis of charge in period</b>	
Deferred tax:	
Origination and reversal of timing differences	1,640
	<hr/>
Tax on profit on ordinary activities	1,640

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2002</b>
	<b>£</b>
Profit on ordinary activities before tax	<hr/> 24,926
Standard rate of corporation tax in the UK	30%
	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	7,478
Effects of:	
Expenses not deductible for tax purposes	71
Capital allowances for period in excess of depreciation	(1,640)
Group relief not paid over	(5,909)
	<hr/>
Current tax charge for period	-

<b>7 Intangible fixed assets</b>	<b>£</b>
Goodwill:	
<b>Cost</b>	
Additions	<hr/> 546,741
At 31 December 2002	<hr/> 546,741
<b>Amortisation</b>	
Provided during the period	<hr/> 9,111
At 31 December 2002	<hr/> 9,111
<b>Net book value</b>	
At 31 December 2002	<hr/> 537,630

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years.

**Angel Magazines Limited**  
**Notes to the Accounts**  
**for the period from 11 February 2002 to 31 December 2002**

**8 Tangible fixed assets**

	<b>Plant and machinery £</b>
<b>Cost</b>	
Additions	9,242
At 31 December 2002	<u>9,242</u>
<b>Depreciation</b>	
Charge for the period	809
At 31 December 2002	<u>809</u>
<b>Net book value</b>	
At 31 December 2002	<u>8,433</u>

**9 Debtors**

	<b>2002 £</b>
Trade debtors	78,456
Other debtors	1,550
	<u>80,006</u>

**10 Creditors: amounts falling due within one year**

	<b>2002 £</b>
Trade creditors	40,000
Amounts owed to group undertakings and undertakings in which the company has a participating interest	592,372
Other taxes and social security costs	3,498
Other creditors	8,050
Accruals and deferred income	4,826
	<u>648,746</u>

**11 Deferred taxation**

	<b>2002 £</b>
Accelerated capital allowances	1,640
Undiscounted provision for deferred tax	<u>1,640</u>

	<b>2002 £</b>
Deferred tax charge in profit and loss account	1,640
At 31 December 2002	<u>1,640</u>

**Angel Magazines Limited**  
**Notes to the Accounts**  
**for the period from 11 February 2002 to 31 December 2002**

<b>12 Share capital</b>		<b>2002</b>
		<b>£</b>
Authorised:		
Ordinary shares of £1 each		<u>1,000</u>
	<b>2002</b>	<b>2002</b>
	<b>No</b>	<b>£</b>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1	<u>1</u>
<b>Movement in share capital</b>		<b>2002</b>
		<b>£</b>
Shares issued		1
At 31 December 2002		<u>1</u>
<b>13 Profit and loss account</b>		<b>2002</b>
		<b>£</b>
Retained profit		23,286
At 31 December 2002		<u>23,286</u>
<b>14 Reconciliation of movement in shareholder's funds</b>		<b>2002</b>
		<b>£</b>
Profit for the financial period		23,286
Shares issued		1
At 31 December 2002		<u>23,287</u>

**15 Contingent liabilities**

The company's business was acquired on 23 August 2002. The company has entered into an agreement with the former owners of the business such that further purchase consideration may become payable. The amount of this deferred consideration is calculated by reference to a comparison of year on year turnover, and so it is not possible to estimate with any degree of accuracy the amount that may become payable. As a result, no provision is included in these accounts.

**Angel Magazines Limited**

**Notes to the Accounts**

**for the period from 11 February 2002 to 31 December 2002**

**16 Ultimate parent undertaking and controlling party**

The ultimate parent undertaking is Metropolis Publishing Limited.

J D G Isaac has a controlling interest in Metropolis Publishing Limited by virtue of owning 59.97% of the issued share capital with voting rights attached.