

## Notes to the Balance Sheets

### 20 Intangible Assets

	Note	Goodwill £m (Note i)	Other intangible assets £m (Note ii)	Total £m
<b>Group</b>				
<b>Cost</b>				
At beginning of year		520.9	328.3	849.2
Additions	35	78.6	5.0	83.6
Adjustments to previous year estimate of deferred consideration		(10.0)	–	(10.0)
Disposals		(7.4)	–	(7.4)
Exchange adjustment		–	5.0	5.0
At end of year		582.1	338.3	920.4
<b>Accumulated amortisation</b>				
At beginning of year		74.1	141.4	215.5
Charge for the year		38.4	17.1	55.5
Disposals		(4.8)	–	(4.8)
Exchange adjustment		–	1.6	1.6
At end of year		107.7	160.1	267.8
Net book value – 2002		474.4	178.2	652.6
Net book value – 2001		446.8	186.9	633.7

(i) Goodwill is capitalised on new acquisitions made after 28th September, 1998. Such goodwill is amortised over the lower of its useful economic life and a period of 20 years. Goodwill arising on acquisitions made prior to 28th September, 1998 was written off directly to reserves.

(ii) Other intangible assets comprise publishing rights, titles, radio licences and certain other intangible assets. These assets were valued by the Directors and are stated at fair value on acquisition and are amortised over the lower of their useful economic life and a period of 20 years.

	Note	Trade Marks £m
<b>Company</b>		
<b>Cost</b>		
At beginning of year		–
Additions	i	125.0
At end of year		125.0
<b>Accumulated amortisation</b>		
At beginning of year and end of year		–
Net book value – 2002		125.0
Net book value – 2001		–

(i) At the year end the Company acquired certain trade marks from Group companies. Under the terms of this acquisition the Company will receive a royalty payment from these companies based on ABC circulation figures.

(ii) These trade marks will be amortised over the lower of their useful economic life and a period of 20 years.

## Notes to the Balance Sheets

continued

### 21 Tangible Assets

	Note	Freehold Properties £m	Leasehold Properties Long £m	Leasehold Properties Short £m	Plant and equipment £m	Total £m
<b>Group</b>						
Cost or valuation	i					
At beginning of year		107.7	74.4	42.7	666.2	891.0
Owned by subsidiaries acquired		0.1	–	–	3.9	4.0
Additions		4.9	4.7	4.6	75.6	89.8
Disposals		(8.3)	–	(4.4)	(56.6)	(69.3)
Exchange adjustment		0.2	0.1	(0.3)	(2.4)	(2.4)
At end of year		104.6	79.2	42.6	686.7	913.1
Held at: Cost		93.2	78.2	42.6	686.7	900.7
Valuation		11.4	1.0	–	–	12.4
		104.6	79.2	42.6	686.7	913.1
<b>Accumulated depreciation</b>						
At beginning of year		17.1	21.7	25.2	356.2	420.2
Owned by subsidiaries acquired		–	–	–	0.5	0.5
Charge for the year		2.2	2.3	2.3	67.9	74.7
Disposals		(0.5)	–	(4.3)	(51.8)	(56.6)
Exchange adjustment		–	–	(0.1)	(2.0)	(2.1)
At end of year		18.8	24.0	23.1	370.8	436.7
Net book value – 2002	iii	85.8	55.2	19.5	315.9	476.4
Net book value – 2001		90.6	52.7	17.5	310.0	470.8

(i) The Group's properties, other than its specialised buildings, were revalued at 30th September, 1994, on the basis of external valuations and are depreciated over their useful economic lives. Subsequent additions are carried at historical cost, less accumulated depreciation, in accordance with FRS 15.

Specialised buildings, being those properties constructed specifically for use in the business, are carried at historical cost less accumulated depreciation.

(ii) Group fixed assets include assets in the course of construction, made up as follows:

	Freehold Properties £m	Leasehold Long £m	Plant and equipment £m	Total £m
<b>Assets in the Course of Construction</b>				
<b>Group</b>				
Cost and net book value				
At beginning of year	0.7	0.7	34.0	35.4
Additions	–	2.8	24.6	27.6
Transfers	0.2	(1.5)	(14.7)	(16.2)
At end of year	0.9	2.0	43.9	46.8

No depreciation was charged on assets in the course of construction during the year (2001 £nil).

(iii) The net book value of Group plant and equipment includes £35.3 million (2001 £40.9 million) in respect of assets held under finance leases in a number of the Group's provincial newspaper centres. Depreciation of £4.9 million (2001 £5.2 million) was charged on such assets in the year.

(iv) No significant unprovided liability for taxation would have arisen, had the trading properties been sold at the balance sheet date for their net book values, due to the availability of 'roll-over' relief.

## Notes to the Balance Sheets

continued

### 21 Tangible Assets continued

The historical cost and related depreciation of Group properties are set out below:

	Freehold £m	Leasehold Long £m	Leasehold Short £m
<b>Group</b>			
Historical cost at end of year	88.5	77.6	42.6
Aggregate depreciation based on historical cost	(18.1)	(24.0)	(23.1)
	70.4	53.6	19.5

### 22 Investments in Group Undertakings (as listed on pages 83 to 85)

	Note	Cost £m	Provision £m	Net book value £m
<b>Company</b>				
At beginning of year		1,326.5	(4.8)	1,321.7
Additions	i	534.1	–	534.1
Disposals	ii	(140.5)	–	(140.5)
At end of year		1,720.1	(4.8)	1,715.3

Additions and disposals comprise intra-Group transfers of subsidiaries.

### 23 Investments in Joint ventures and Associates

	Cost of shares £m	Loans £m	Share of post-acquisition retained reserves £m	Total £m
<b>Joint ventures</b>				
<b>Group</b>				
At beginning of year	13.1	4.9	(10.4)	7.6
Additions	4.5	1.3	–	5.8
Share of retained reserves	–	–	(1.9)	(1.9)
Adjustment to deferred consideration	–	–	0.1	0.1
Reclassifications	iv	0.4	(0.9)	11.7
At end of year	29.8	6.6	(13.1)	23.3

Information on principal joint ventures from the latest available accounts (all incorporated in Great Britain and registered and operating in England and Wales unless otherwise stated).

	Principal activity	Year ended	Description of holding	Group interest %
<b>Unlisted</b>				
Greenland Interactive Limited	ii	31 Dec, 01	Telephone information services	50.0%
Zoom.co.uk Limited	ii	31 Aug, 02	E-commerce internet portal	50.0%
Brisbane FM Radio Pty Limited (incorporated and operating in Australia)	ii, iv	30 Sep, 02	Independent radio operator	50.0%
DMG Radio (Perth) Pty Limited (incorporated and operating in Australia)	iv	30 Sep, 02	Independent radio operator	50.0%

## Notes to the Balance Sheets

continued

### 23 Investments in Joint ventures and Associates continued

Note	Cost of shares £m	Loans £m	Share of post-acquisition retained reserves £m	Total £m
<b>Associates</b>				
<b>Group</b>				
At beginning of year	226.8	47.3	(62.4)	211.7
Additions	10.5	2.4	–	12.9
Share of retained reserves	–	–	(20.5)	(20.5)
Reclassifications	(11.3)	(0.4)	–	(11.7)
Exchange and adjustment	(4.6)	–	–	(4.6)
Disposals	(1.3)	(44.1)	1.5	(43.9)
At end of year	220.1	5.2	(81.4)	143.9

#### Associates

Information on principal associates from the latest available accounts (all incorporated and operating in Great Britain unless otherwise stated)

Note	Principal activity	Year ended	Description of holding	Group interest
<b>Listed</b>				
GWR Group plc	Independent radio operator	31 Mar, 02	Ordinary Loan	29.9% 100.0%
<b>Unlisted</b>				
George Little Management LLC (incorporated and operating in the USA)	Organisers of trade exhibitions	30 Sep, 02	Class A and B membership interests	25.0%
Independent Television News Limited	Independent TV news provider	31 Dec, 01	Ordinary	20.0%
Shopcreator plc	Internet e-commerce software provider	31 Dec, 01	Ordinary	17.0%
Western Exhibitors LLC (incorporated and operating in the USA)	Organisers of trade exhibitions	30 Sep, 02	Membership interests	25.0%
Whereoware LLC (incorporated and operating in the USA)	Business-to-business membership e-commerce interests site for gifts	30 Sep, 02	Class B	44.8%

(i) The market value of the listed shares at 29th September, 2002 was £62.2 million (2001 £53.3 million).

(ii) Material joint ventures have been accounted for under the gross equity method and associates under the net equity method using unaudited accounts to 29th September, 2002, provided in the case of listed associates that such information is public information at the latest practicable date for inclusion by the Group.

(iii) As part of the prior year transaction to acquire a 25% interest in George Little Management LLC, the Group receives a preferred profit distribution of US\$1.5 million for the first five years to November 2005. The purchase agreement included 'put and call options' for the balance of the shares. Details of these commitments are given in Note 37.

(iv) Principal additions in the year were the acquisition of a 50% interest in DMG Radio Perth and the increased equity investment of 3.1% in GWR; this was part of the transaction to acquire GWR's 25% interest in DMG Radio Australia which included the disposal of the Group's loan notes of £43.5 million. Following this acquisition, DMG Radio Australia became wholly owned and its 50% interests were reclassified as joint ventures.

(v) The Group has significant influence in Shopcreator plc and participates in its direction through board representation, even though its holding is below 20%.

(vi) Share of post-acquisition reserves is stated after deducting goodwill written off directly against reserves of £32.8 million (2001 £32.8 million). The carrying value of joint ventures and associates includes goodwill on acquisition by the Group, less cumulative amortisation, of £130.0 million (2001 £142.3 million). The charge for the year was £12.1 million (2001 £8.9 million) (Note 4).

## Notes to the Balance Sheets

continued

### 24 Investments in Own Shares

	Note	Group £m
Cost		
At beginning of year		22.8
Additions	ii	2.9
Disposals	ii, iii	(1.3)
At end of year		24.4

(i) Investments in own shares at the year end represent the cost of 3,027,687 'A' Ordinary Non-Voting shares (2001 2,782,871 shares), purchased by DMGT Trustees Limited, the Trustee of the DMGT Share Trust, for the purpose of meeting prospective exercises of options granted under the DMGT 1997 Executive Share Option Scheme. As required by UITF 13, these are included as assets on the Group balance sheet. The market value of these shares at 29th September, 2002 was £15.2 million (2001 £16.0 million). The DMGT Share Trust has waived its dividend rights on these shares.

(ii) Disposals reflect exercises of such options under the 1997 Executive Share Option Scheme, provision for the cost of which is made in the year to which the award relates.

(iii) After adjusting for disposals and the cost of buying shares to match options, exercisable under the 1997 Executive Share Option Scheme, in excess of the option exercise price, a provision of £2.1 million (2001 £2.1 million) has resulted (Note 31).

### 25 Other Investments

	Group £m	Company £m
Cost or valuation		
At beginning of year	101.6	42.1
Additions	10.6	0.7
Disposals	(1.2)	(40.1)
Provided during year	(1.2)	(1.2)
Deficit on revaluation	(46.6)	–
Exchange adjustment	(1.6)	–
At end of year	61.6	1.5

Investments are analysed as follows:

Note	2002 £m	Group 2001 £m	2002 £m	Company 2001 £m
<b>Listed</b>				
Reuters Group plc	30.7	77.3	–	40.1
<b>Unlisted</b>				
XAP Corporation Inc	12.2	12.2	–	–
Right to acquire 20% of California Mart, LLC	5.7	–	–	–
Other	13.0	12.1	1.5	2.0
	30.9	24.3	1.5	2.0
	61.6	101.6	1.5	42.1

## Notes to the Balance Sheets

continued

### 25 Other Investments continued

Information on principal investments, taken from latest published accounts (incorporated in Great Britain or registered in England and Wales unless stated otherwise).

	Note	Class of holding	Group interest %
Reuters Group plc	iii	Ordinary	0.9%
The Press Association Limited		Ordinary	15.6%
XAP Corporation Inc. (taken from the shareholders' agreement; incorporated and operating in the USA)		Preferred	18.5%

(i) Listed investments are stated at their market value and unlisted investments at cost, less provision for any impairment, at the balance sheet date.

(ii) The historical cost of investments is £38.1 million (2001 £28.9 million) for the Group and £1.5 million (2001 £12.4 million) for the Company.

(iii) At the beginning of the year, the Company had outstanding £65.3 million 2.5% Exchangeable Bonds 2004 (Note 30ii), exchangeable for 7.7 million shares of Reuters at an effective price of £8.29 per share. The bonds had been issued originally in May 1997 at 79.5% of their nominal value and their redemption amount accretes to 100% over the life of the bonds. Accordingly, the exchange price for the shares rises to a maximum of £9.75 in October 2004.

At 29th September, 2002, the effective exchange price was £9.11 per share. The shares have been valued at the year end price of £2.38 per share, being the lower of the effective exchange price and the market price.

If all bonds in issue at 29th September, 2002 were exchanged, this would utilise 6.7 million shares, representing 51.9% of the Group's holding of Reuters shares at that date.

### 26 Stocks and Work in Progress

	2002 £m	2001 £m
<b>Group</b>		
Raw materials and consumables	14.4	14.6
Work in progress	11.7	14.7
Finished goods	1.2	1.6
	<b>27.3</b>	<b>30.9</b>

The replacement cost of stocks and work in progress is not materially different from that shown above.

### 27 Debtors

	Note	Group		Company	
		2002 £m	2001 £m	2002 £m	2001 £m
<b>Amounts falling due within one year</b>					
Trade debtors		300.1	272.4	–	–
Amounts owed by Group undertakings		–	–	54.3	341.8
Prepayments and accrued income		48.1	49.9	1.1	–
Corporation tax	i	–	–	26.3	29.6
Other debtors		21.9	21.9	0.2	–
		<b>370.1</b>	<b>344.2</b>	<b>81.9</b>	<b>371.4</b>
<b>Amounts falling due after one year</b>					
Other debtors		11.7	10.4	–	–
		<b>381.8</b>	<b>354.6</b>	<b>81.9</b>	<b>371.4</b>

(i) The Company's corporation tax debtor represents amounts due from subsidiaries for Group relief.

## Notes to the Balance Sheets

continued

### 28 Treasury Information

An overview of treasury policies is included within the Financial and Treasury Review on pages 28 to 31.

Short-term debtors and creditors have been excluded from all of the following disclosures, other than those relating to currency risk.

#### Currency exposures

The following table shows the degree to which companies within the Group have net monetary assets/(liabilities) in currencies other than their functional currency. Translation differences are taken to the profit and loss account of both Group companies and of the Group.

Functional currency of Group company	Net foreign currency monetary assets/(liabilities)			Total £m
	Sterling £m	US dollar £m	Other £m	
<b>2002</b>				
Sterling	–	7.4	0.2	7.6
Other	(0.4)	(0.2)	0.1	(0.5)
	<b>(0.4)</b>	<b>7.2</b>	<b>0.3</b>	<b>7.1</b>
<b>2001</b>				
Sterling	–	11.0	0.9	11.9
Other	1.5	0.6	0.1	2.2
	<b>1.5</b>	<b>11.6</b>	<b>1.0</b>	<b>14.1</b>

#### Currency and Interest Rate Composition of Financial Assets

These consist primarily of investments in Reuters shares and bank deposits.

Currency	Total £m	Floating rate financial assets £m
<b>2002</b>		
Sterling	68.6	68.6
US dollar	58.4	58.4
Australian dollar	4.4	4.4
Canadian dollar	2.2	2.2
Other	8.0	8.0
	<b>141.6</b>	<b>141.6</b>
Of which:		
Reuters shares	30.7	30.7
Unlisted investments	30.9	30.9
Short-term investments	10.3	10.3
Cash	69.7	69.7
	<b>141.6</b>	<b>141.6</b>
<b>2001</b>		
Sterling	168.3	168.3
US dollar	38.1	38.1
Australian dollar	6.3	6.3
Canadian dollar	0.3	0.3
Other	7.4	7.4
	<b>220.4</b>	<b>220.4</b>
Of which:		
Reuters shares	77.3	77.3
Unlisted investments	24.3	24.3
Short-term investments	13.9	13.9
Cash	104.9	104.9
	<b>220.4</b>	<b>220.4</b>

## Notes to the Balance Sheets

continued

### 28 Treasury Information continued

6.7 million (2001 6.7 million) of the 12.9 million (2001 12.9 million) Reuters shares are potentially subject to call under the terms of the Company's £65.4 million 2.5% Exchangeable Bonds 2004, and these shares have been valued at their market price of £2.38, as set out in Note 25iii. All other Reuters shares are valued at their market price at the year end.

Following the year end the Company exercised its option to redeem the 2.5% Exchangeable bonds at their amortised principal amount of £61.1 million.

Cash investments earn interest at floating interest rates in their local money markets.

#### Committed Borrowing Facilities

The following undrawn committed borrowing facilities were available to the Group on 29th September, 2002 and at 30 September, 2001, in respect of which all conditions precedent had been met:

	2002 £m	2001 £m
Expiring in one year or less	–	–
Expiring in more than two years	174.1	161.1
	174.1	161.1

#### Financial Liability Maturity Profile

The maturity profile of the carrying value of the Group's financial liabilities at the end of the year was as follows:

	2002 £m	2001 £m
In one year or less, or on demand	64.3	39.5
In more than one year but not more than two years	72.4	30.8
In more than two years but not more than five years	393.2	474.1
In more than five years	493.0	495.0
	1,022.9	1,039.4

#### Financial Asset Maturity Profile

The maturity profile of the carrying value of the Group's financial assets at the end of the year was as follows:

	2002 £m	2001 £m
In one year or less, or on demand	141.6	220.4

#### Currency Profile of Financial Liabilities

The currency profile of financial liabilities, stated after taking account of applicable derivative instruments as at 29th September, 2002 and 30 September, 2001, was as follows:

Currency	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m
<b>2002</b>			
Sterling	(801.2)	(167.6)	(633.6)
US dollar	(178.7)	(143.3)	(35.4)
Australian dollar	(36.3)	(32.8)	(3.5)
Other	(6.7)	(6.7)	–
	(1,022.9)	(350.4)	(672.5)
<b>2001</b>			
Sterling	(843.2)	(199.1)	(644.1)
US dollar	(186.8)	(122.2)	(64.6)
Australian dollar	(9.4)	(6.0)	(3.4)
	(1,039.4)	(327.3)	(712.1)

At the year end, the Group had a number of interest rate swaps outstanding. These amounted to US\$55 million (2001 US\$95 million) at rates between 6.375% and 5.0025% (2001 6.375 % and 5.375%) and Aus\$10 million (2001 Aus\$10 million ) at a rate of 6.575% (2001 6.575%).

## Notes to the Balance Sheets

continued

### 28 Treasury Information continued

Interest Rate Risk Profile of Fixed Rate Financial Liabilities

Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years
<b>2002</b>		
Sterling	7.96%	10.8
US dollar	5.83%	2.4
Australian dollar	6.58%	2.0
<b>2001</b>		
Sterling	8.05%	11.6
US dollar	6.41%	2.3
Australian dollar	6.58%	3.0

Floating rate financial liabilities comprise Sterling-denominated bank borrowings and lease finance that bear interest at rates based on LIBOR, Sterling loan notes that bear interest at rates based upon LIBID and Australian and US dollar denominated borrowings that bear interest based upon LIBOR. A bank loan also exists that carries interest, based upon US dollar Prime.

#### Fair value of Financial Assets and Liabilities

Where available, market prices have been used to derive fair value. Forward foreign exchange contracts have been valued, using the closing forward rate of exchange on 29th September, 2002 and at 30 September, 2001 for the same forward value rate.

	Book Value £m	Fair Value £m
<b>2002</b>		
<b>Primary financial instruments held or issued to finance the Group's operations</b>		
Short-term financial liabilities and current portion of long-term borrowings	(64.3)	(64.3)
Long-term borrowings and long-term element of deferred consideration	(958.6)	(1,035.6)
Financial Assets	141.6	141.6
<b>2001</b>		
<b>Primary financial instruments held or issued to finance the Group's operations</b>		
Short term financial liabilities and current portion of long-term borrowings	(39.5)	(39.5)
Long-term borrowings and long-term element of deferred consideration	(999.9)	(1,066.8)
Financial Assets	220.4	220.4

Derivative financial instruments, held to manage the interest rate and currency profile comprise interest rate swaps and forward foreign currency contracts. The book value of these instruments at the year end was £nil (2001 £nil) and the fair value was a liability of £0.2 million (2001 liability £4.3 million).

#### Hedges

Unrecognised gains and losses on hedging instruments and the movements therein are as follows :

	Gains	Losses	Total
Unrecognised gains and losses on hedges as at 30th September, 2001	–	(3.6)	(3.6)
Gains and losses arising in previous years that were recognised in 2002	–	2.9	2.9
Gains and losses arising before 30th September, 2001 that were not recognised in 2002	–	(0.7)	(0.7)
Gains and losses arising in 2002 that were not recognised in 2002	2.7	(2.2)	0.5
Unrecognised gains and losses on hedges as at 29th September, 2002	2.7	(2.9)	(0.2)
Of which:			
Gains and losses expected to be recognised in the year ended 28th September, 2003	1.7	(1.5)	0.2
Gains and losses expected to be recognised in the year ended 3rd October, 2004 or later	1.0	(1.4)	(0.4)

## Notes to the Balance Sheets

continued

### 29 Short-Term Investments

	2002 £m	2001 £m
<b>Group</b>		
Cost and valuation	10.3	13.9

These investments comprise bank deposits and other similar investments with original maturities exceeding one day.

### 30 Creditors

Note	2002 £m	Group 2001 £m	2002 £m	Company 2001 £m
<b>Due within one year</b>				
Bank overdrafts	0.5	2.1	–	–
Short-term bank loans	33.4	3.2	–	–
Loan notes	23.4	27.5	4.5	5.3
Trade creditors	94.9	111.1	–	–
Amounts owing to Group undertakings	–	–	222.9	1.9
Corporation tax	65.9	78.6	–	–
Other taxation and social security	24.7	24.3	–	–
Deferred consideration	15.2	15.1	–	–
Other creditors	22.4	19.4	–	–
Accruals and deferred income	263.9	260.9	26.2	24.6
Obligations under finance leases	7.0	6.7	–	–
Dividend	24.9	23.3	24.9	23.3
	576.2	572.2	278.5	55.1

(i) Short-term bank loans of £33.4 million (2001 £3.2 million) are drawn on bank facilities expiring within one year and have thus been classified within creditors due within one year.

(ii) Loan notes attract interest at approximately LIBID to LIBID minus 1% and were issued as part of the consideration for various acquisitions. The loan notes are repayable at the option of the loan note holder.

Note	2002 £m	Group 2001 £m	2002 £m	Company 2001 £m
<b>Due after more than one year</b>				
2.5% Exchangeable Bonds 2004	61.1	58.8	61.1	58.8
9.75% Eurobonds 2005	87.5	99.7	87.5	99.7
7.5% Eurobonds 2013	302.7	302.9	302.7	302.9
10% Eurobonds 2021	182.3	182.7	182.3	182.7
Bank loans	279.7	279.3	–	–
Long-term loans	913.3	923.4	633.6	644.1
Obligations under finance leases	24.2	31.3	–	–
Deferred consideration	21.1	45.2	–	–
Other creditors	5.7	4.6	–	–
	964.3	1,004.5	633.6	644.1

(i) In accordance with FRS 4, the Group's Exchangeable Bonds (Note 25 (iii)) and its other Eurobonds have been adjusted from their nominal values to offset the unamortised issue costs of £3.2 million (2001 £3.7 million). The issue costs are being amortised over the expected lives of the bonds.

## Notes to the Balance Sheets

continued

### 30 Creditors continued

	2002 £m	Group 2001 £m	2002 £m	Company 2001 £m
<b>The nominal values of the bonds are as follows</b>				
2.5% Exchangeable Bonds 2004	65.3	65.3	65.3	65.3
9.75% Eurobonds 2005	87.7	100.0	87.7	100.0
7.5% Eurobonds 2013	300.0	300.0	300.0	300.0
10% Eurobonds 2021	165.0	165.0	165.0	165.0
	618.0	630.3	618.0	630.3

(ii) The 2.5% Exchangeable Bond is a deep discount bond, the gross value of which increases on a daily basis for accretion to the principal such that the bond would be valued at the end of its life in October 2004 at £75 million. During the year, such accretion amounted to £1.9 million (2001 £1.7 million) which has been charged as interest and added to the book value of the bond in the balance sheet. Following the year end the Company exercised its option to redeem these Exchangeable bonds at their amortised principal amount of £61.1 million.

(iii) During the year the Company redeemed £12.3 million of the 9.75% 2005 Eurobonds at a premium of £1.3 million to the carrying value, a total payment of £13.6 million.

(iv) The Group's bank loans, payable after more than one year, are denominated in US dollars, Australian dollars and sterling. The interest rates on these borrowings ranged from 2.3% to 6.6% (2001 4% to 7.5%). The interest rates on finance leases were approximately 8% (2001 8%).

(v) The Group's long-term borrowings are repayable as follows:

	Eurobonds £m	Other long-term loans £m	Finance leases £m	Total £m
<b>2002</b>				
<b>Group</b>				
Between 1 – 2 years	61.1	0.1	7.7	68.9
Between 2 – 5 years	87.5	279.4	9.8	376.7
Over five years	485.0	0.2	6.7	491.9
	633.6	279.7	24.2	937.5
<b>2001</b>				
<b>Group</b>				
Between 1 – 2 years	–	10.1	7.1	17.2
Between 2 – 5 years	158.5	269.0	16.5	444.0
Over five years	485.6	0.2	7.7	493.5
	644.1	279.3	31.3	954.7

Details of creditors not wholly repayable within 5 years are as follows:

	2002		2001	
	Total £m	Due after 5 years £m	Total £m	Due after 5 years £m
7.5% Eurobonds 2013	302.7	302.7	302.9	302.9
10% Eurobonds 2021	182.3	182.3	182.7	182.7
Bank loans	313.1	0.2	282.5	0.2
Obligations under finance leases	31.2	6.7	38.0	7.7
	829.3	491.9	806.1	493.5

## Notes to the Balance Sheets

continued

### 30 Creditors continued

(vi) Leases over five years are repaid by instalments.

(vii) The Company's long-term borrowings are repayable as follows:

	2002 Eurobonds £m	2001 Eurobonds £m
<b>Company</b>		
Between 1 – 2 years	61.1	–
Between 2 – 5 years	87.5	158.5
Over five years	485.0	485.6
	<b>633.6</b>	<b>644.1</b>

### 31 Provisions for Liabilities and Charges

	Note	2002 £m	Group 2001 £m	2002 £m	Company 2001 £m
Deferred taxation	32	35.0	39.3	–	–
Other provisions		18.0	16.8	0.3	0.3
		<b>53.0</b>	<b>56.1</b>	<b>0.3</b>	<b>0.3</b>

Movements on other provisions were as follows:

	Share options (Note 24) £m	Lease £m	Redundancy and reorganisation £m	Pensions £m	Legal £m	Other £m	Total £m
<b>Group</b>							
At beginning of year	2.1	0.7	1.9	0.7	1.6	9.8	16.8
Owned by subsidiaries acquired	–	–	–	–	–	0.1	0.1
Charged during year	–	0.1	3.4	–	2.8	9.3	15.6
Utilised during year	–	–	(2.4)	(0.3)	(1.0)	(10.8)	(14.5)
At end of year	2.1	0.8	2.9	0.4	3.4	8.4	18.0

	Other
<b>Company</b>	
At beginning of year	0.3
Charged during year	–
Utilised during year	–
At end of year	0.3

## Notes to the Balance Sheets

continued

### 32 Deferred Taxation

	Note	2002 £m	Group 2001 As re-analysed £m	2002 £m	Company 2001 As re-analysed £m
Accelerated capital allowances		36.7	38.1	–	–
Unamortised goodwill		3.6	2.7	–	–
Unutilised tax losses from goodwill		(3.6)	(2.7)	–	–
Goodwill offset against reserves	iv	16.3	13.0	–	–
Other timing differences		1.9	1.2	–	–
Undiscounted provision for deferred tax		<b>54.9</b>	<b>52.3</b>	–	–
Discount	iv	(19.9)	(13.0)	–	–
Discounted provision for deferred tax		<b>35.0</b>	<b>39.3</b>	–	–

Movements on the provision for deferred taxation were as follows:

	Group £m	Company £m
At beginning of year	39.3	–
Owned by subsidiaries acquired	(0.2)	–
Net release to profit and loss account	(2.1)	–
Reclassification	(2.0)	–
At end of year	35.0	–

Contingent (assets)/liabilities and gains in respect of deferred taxation, not included in the balance sheet, were as follows:

	2002 £m	Group 2001 £m	2002 £m	Company 2001 £m
Accelerated capital allowances	1.5	–	–	–
Other timing differences	(35.2)	(23.6)	–	–
	<b>(33.7)</b>	<b>(23.6)</b>	–	–

(i) No deferred tax asset has been recognised in respect of certain overseas tax losses as there is insufficient certainty that these losses will be utilised within the immediate future.

(ii) No deferred tax has been provided on revalued assets due to the availability of realised capital losses for which no deferred tax asset has been recognised.

(iii) There are additional unprovided capital losses carried forward which have not yet been agreed with the Inland Revenue.

(iv) The Group is able to obtain tax relief in some overseas territories for the cost of goodwill arising on its acquisitions of some businesses. In certain cases the goodwill was written off to reserves under the transitional rules set out in FRS 10. Utilisation of the available tax relief in the overseas territories gives rise to a timing difference as set out above. The potential timing differences will only reverse on sale of the relevant businesses. As the relevant businesses are considered core to the Group there is currently no intention to dispose of them. The potential reversal is so far into the future that after discounting, the potential liability becomes insignificant. The effect of discounting the Group's accelerated capital allowances is a credit of £3.6 million (2001 as re-analysed £2.4 million). The effect of discounting the Group's other deferred tax assets and liabilities is not material.

## Notes to the Balance Sheets

continued

### 33 Called Up Share Capital

	2002 £m	Authorised 2001 £m	Allotted and fully paid 2002 £m	2001 £m
Ordinary shares of 12.5 pence each	2.5	2.5	2.5	2.5
'A' Ordinary Non-Voting shares of 12.5 pence each	48.5	48.5	47.6	47.6
	<b>51.0</b>	<b>51.0</b>	<b>50.1</b>	<b>50.1</b>

	Note	Number of shares		Number of shares	
		2002	2001	2002	2001
Ordinary shares		20,000,000	20,000,000	19,886,472	19,886,472
'A' Ordinary Non-Voting shares	i, ii, iii	388,000,000	388,000,000	381,129,648	381,027,448
		<b>408,000,000</b>	<b>408,000,000</b>	<b>401,016,120</b>	<b>400,913,920</b>

(i) The two classes of shares are equal in all respects, except that the 'A' Ordinary Non-Voting shares do not have voting rights and hence their holders are not entitled to attend or to vote at general meetings of the Company.

(ii) During the year, 102,200 'A' Ordinary Non-Voting shares were allotted for aggregate consideration of £278,625 under the terms of the Company's 1989 Executive Share Option scheme.

(iii) At 29th September, 2002, options were outstanding under the terms of the Company's 1989 and 1997 Executive Share Option Schemes over a total of 3,647,500 (2001 3,471,700) 'A' Ordinary Non-Voting shares as follows:

	Number of shares under option 2002	2001	Option price per share	Normal Date of Exercise
<b>1989 Executive Share Option Scheme</b>				
	148,000	148,000	£1.9625	Before 25th January, 2003
	24,000	24,000	£3.1125	Before 21st January, 2004
	100,000	142,000	£2.445	Before 16th December, 2004
	–	60,200	£2.9225	Before 2nd January, 2006
	<b>272,000</b>	<b>374,200</b>		
<b>1997 Executive Share Option Scheme</b>				
	302,000	488,000	£4.070625	Before 12th June, 2007
	24,000	24,000	£4.30	Before 21st July, 2007
	24,000	24,000	£4.7375	Before 12th December, 2007
	–	4,632	£6.475	Before 28th February, 2002
	–	149,368	£6.475	Before 15th June, 2002
	758,000	818,000	£6.475	Before 15th December, 2008
	96,000	38,000	£10.295	Between 23rd December, 2002 and 23rd June, 2003
	647,000	713,000	£10.295	Between 23rd December, 2002 and 23rd December, 2009
	44,000	44,000	£10.96	Between 16th June, 2003 and 16th June, 2010
	15,000	–	£8.34	Between 18th December, 2003 and 18th June, 2004
	691,000	729,000	£8.34	Between 18th December, 2003 and 18th December, 2010
	65,500	65,500	£7.25	Between 11th July, 2004 and 11th July, 2011
	609,000	–	£6.45	Between 14th December, 2004 and 14th December, 2011
	10,000	–	£6.48	Between 2nd January, 2005 and 2nd January, 2012
	90,000	–	£6.45	Between 21st January, 2005 and 21st January, 2012
	<b>3,375,500</b>	<b>3,097,500</b>		
	<b>3,647,500</b>	<b>3,471,700</b>		

(iv) These options were granted at market value at the date of grant and none required any payment. They are not normally exercisable before the third anniversary of the date of grant and in all circumstances will lapse if not exercised within ten years.

(v) In the case of the 1997 Executive Share Option Scheme, they are normally exercisable only when the relevant performance conditions have been met. The first condition is that, in respect of four out of six consecutive monthly calculation dates (which start in the thirtieth month following the date of grant of a particular option), the total shareholder return ("TSR") of the Company must exceed that of the FTSE 100 index. Secondly, there must be real growth in earnings per share over a period of three consecutive financial years.

## Notes to the Balance Sheets

continued

### 33 Called Up Share Capital continued

(vi) Options granted in June, July and December 1997 at respective prices of £4.070625, £4.30 and £4.7375 per share are now exercisable as both performance criteria have been met. On 31st October, 2001, the TSR condition was also met in respect of the options granted in December 1998 at £6.475 per share, but since real growth in adjusted earnings per share was not achieved in the prior year, nor in the year ended 29th September, 2002, compared to that of three years previously, there will be a further minimum delay of approximately one year before those options become exercisable. As a consequence, 195,368 of such options lapsed in the year.

Neither of the performance conditions has been met yet in respect of the options granted in December 1999 at £10.295 per share and in June 2000 at £10.96 per share. Accordingly, there will also be a minimum delay of approximately one year before those options become exercisable. As a consequence, 96,000 options, granted at £10.295 per share, will lapse in the year to 28th September, 2003.

Movements on the two executive share option schemes were as follows:

	1989 Scheme 2002 No	1997 Scheme 2002 No	Total 2002 No
At beginning of year	374,200	3,097,500	3,471,700
Granted	–	709,000	709,000
Exercised	(102,200)	(204,632)	(306,832)
Lapsed	–	(226,368)	(226,368)
At end of year	272,000	3,375,500	3,647,500

### 34 Reserves

	Note	Group £m	Company £m
<b>Share premium</b>			
At beginning of year		6.3	6.3
Issue of shares		0.3	0.3
At end of year		6.6	6.6
<b>Revaluation reserve</b>			
At beginning of year		111.8	29.6
Revaluation of investments		(46.6)	–
Transfer to profit and loss account	i	(2.0)	(29.6)
At end of year		63.2	–
<b>Profit and loss account</b>			
At beginning of year		131.4	949.7
Retained profit/(loss) for the year		46.2	(25.9)
Transfer from revaluation reserve	i	2.0	29.6
Currency translation differences on foreign currency net investments		(10.0)	1.2
Taxation on translation differences		5.7	–
Minority interests		(1.9)	–
Adjustment to deferred consideration in respect of goodwill		(0.5)	–
At end of year		172.9	954.6
Total Reserves – 2002		242.7	961.2
Total Reserves – 2001		249.5	985.6

(i) The transfer from the revaluation reserve recognises the progressive realisation of a previously unrealised gain on disposal of businesses to GWR Group plc as the goodwill on the interest in GWR is amortised.

(ii) At 29th September, 2002, cumulative goodwill of continuing businesses of £688.9 million (2001 £688.4 million) had been written off against the profit and loss account.

## Notes to the Balance Sheets

continued

### 35 Summary of the Effects of Acquisitions

The principal acquisitions completed during the year and the dates of acquisition were:

Buy & Sell	October 2001
Loot	October 2001
Vista	March 2002
Blanch	March 2002
4BH Radio	May 2002
Hill Brothers Group	August 2002

The aggregate consideration for these and other businesses was £79.0 million, of which £72.8 million was paid during the year, £1.2 million issued in the form of loan notes and an estimated amount of £5.0 million payable in the form of deferred consideration, dependent upon trading results. This deferred consideration has been discounted back to current values in accordance with FRS 7. In each case, the Group has used acquisition accounting to account for the purchase. The impact of acquisitions on net assets was:

	Note	Book value and Fair value £m
<b>Net assets acquired:</b>		
Tangible fixed assets		3.5
Stocks		0.2
Debtors		3.7
Creditors and provisions		(7.0)
		0.4
<b>Satisfied by:</b>		
Cash		71.8
Acquisition expenses		1.0
Deferred consideration		5.0
Loan notes		1.2
		79.0
Less: goodwill acquired	20	(78.6)
		0.4

In September GWR sold its 25% holding in DMG Radio Investments Pty Limited to the Group. Under the terms of the transaction GWR issued 5.8 million new ordinary shares of 5p to the Group. The consideration for the sale and the issue of the new ordinary shares was satisfied by the cancellation of £39.8 million convertible subordinated unsecured loan notes of GWR held by the Group and a further £7.2 million of interest bearing debt owed to the Group by GWR.

### 36 Summary of the Effects of Disposals

The principal disposals completed during the year and their dates of disposal were:

Welding and Cocoa divisions of DMG Business Media	October 2001
DMG do Brazil	March 2002
Unline	March 2002
DMG Salones Especializados	March 2002

## Notes to the Balance Sheets

continued

### 36 Summary of the Effects of Disposals continued

The aggregate consideration for these and other businesses, was £4.9 million, £1.9 million of which was received in the form of cash.

The impact of disposals on net assets was:

	Note	£m
<b>Net assets disposed of:</b>		
Intangible assets		2.6
Creditors and provisions		(4.5)
		(1.9)
Profit on disposal of businesses	6	6.8
		4.9
<b>Satisfied by:</b>		
Cash		1.9
Loan notes		3.0
		4.9

### 37 Commitments

	2002 £m	2001 £m
<b>Group</b>		
<b>Tangible fixed assets:</b>		
Contracted but not provided in the financial statements	45.7	64.5

At 29th September, 2002 the Group had annual commitments under non-cancellable operating leases as follows:

	2002		2001	
	Properties £m	Plant and equipment £m	Properties £m	Plant and equipment £m
<b>Operating leases which expire:</b>				
Within one year	3.5	1.7	3.6	1.6
Between 2 – 5 years	4.9	3.0	8.6	3.4
Over 5 years	17.4	0.7	14.8	–
	25.8	5.4	27.0	5.0

The Group has entered into arrangements with its ink suppliers to obtain ink for the next three years to 2005 at competitive prices and to secure supply. At the year end, the commitment to purchase ink over the period was £31.2 million (2001 £43.9 million).

Most property leases are subject to rent reviews.

dmg world media USA acquired a 25% stake in George Little Management LLC in November 2000. The purchase agreement included "put and call" arrangements to acquire the membership interests of the other members of GLM. The details are as follows :

(i) With effect from 1st October, 2005, the other members have the right to put their membership interests to the Group at a fair market value. The initial put to the Group cannot be less than 50% of the total outstanding membership interest.

(ii) On 1st October, 2010, the Group will increase its membership interests in GLM to 51% subject to (i) above, by calling the appropriate number of membership interests held by the other members, at fair market value.

(iii) At 1st October, 2014, the Group is required to acquire any remaining membership interests which it does not own in GLM, at fair market value.

(iv) In certain circumstances, the Group is required to purchase the membership interests of individual members of GLM. These circumstances include disability, death, retirement and termination of employment.

## Notes to the Balance Sheets continued

### 38 Contingent Liabilities

Four writs claiming damages for libel have been issued in Malaysia against Euromoney Institutional Investor and three of its employees in respect of an article published in one of Euromoney's magazines, International Commercial Litigation, in November 1995. The writs were served on Euromoney in October, 1996. The total amount claimed is 280 million Malaysian ringgits, £50.0 million (2001 £50.1 million). No provision has been made in these financial statements since the Directors do not believe that Euromoney has any material liability in respect of these writs.

In August 2002, Euromoney successfully settled the £4 million claim related to the article published in International Commercial Litigation brought in England against it and three of its employees seeking 100% contribution towards damages and legal costs incurred in Malaysia by sources quoted in the article. The total cost to the Group including legal fees, was £85,000.

At 29th September, 2002 the Group had outstanding commitments under forward foreign exchange contracts amounting to £180.2 million (2001 £81.4 million).

At 29th September, 2002, the Company had guaranteed borrowing facilities and finance leases of subsidiaries under which £353.0 million (2001 £312.0 million) were outstanding. The Company had also guaranteed a subsidiary's interest rate derivatives with a principal value of £29.3 million (2001 £43.9 million) and letters of credit of £8.8 million (2001 £1.6 million).

### 39 Pension Arrangements

The Group operates several pension schemes covering most major UK group companies under which contributions are paid by the employer and employees.

The schemes for most employees are funded defined benefit pension arrangements, providing service-related benefits, based on final pensionable salary. The assets of the schemes are held independently from the Group's finances and are administered by trustee companies. Pension costs are assessed on the advice of an independent qualified actuary following triennial valuations using the projected unit method.

A valuation of the principal schemes was carried out as at 31st March, 2001. The assumptions having the most significant effect on the results of the valuations are shown in the following table:

Price Inflation	2.5%	p.a.
Salary Increases	4.3%	p.a.
Pension Increases	2.5%	p.a.
Investment Return	6.75%	p.a.
Dividend Growth	3.5%	p.a.

The contribution rate paid by employees in the principal schemes is 5% of pensionable salaries and the company cash contribution is 12% of pensionable salaries. These schemes are open to eligible new employees.

The pension charge for the year ended 29th September, 2002 was £21.5 million (2001 £20.3 million). A prepayment of £0.4 million (2001 £11.1 million) is included under debtors, representing the excess of accumulated contributions paid over the equivalent pension charge. A provision of £0.4 million (2001 £0.4 million) is included in provisions, representing the excess of the accumulated pension charge over pension contributions paid.

The surpluses identified from the valuation of the principal schemes are amortised over a period of 11 years using the straight line method. The pension cost to the Group of its principal schemes over the

estimated average service life of employees is currently between 8.1% and 10.4% of pensionable salaries.

An interim valuation of the principal schemes as at 31st March, 2002 on the normal funding basis indicated only a marginal reduction in solvency compared with a year earlier. Following this review, the actuary confirmed that there was no particular need to adjust the Company cash contribution rate of 12%. However, this position will be closely monitored going forward.

The effect of UITF 6, 'Accounting for post-retirement benefits other than pensions', is not material.

### FRS 17

In accordance with the requirements of FRS 17, Retirement Benefits, this note discloses the main financial assumptions made in valuing the liabilities of the schemes and the fair value of assets held. Additionally, this note discloses the amounts that would be charged or recognised in the financial statements under the requirements of FRS 17, together with an analysis of the movement in scheme surpluses or deficits which would result. However, as permitted by FRS 17, the costs, accruals and prepayments recorded in the financial statements continue to be reported under the requirements of SSAP 24 'Accounting for Pension Costs'.

### Defined Benefit Schemes

The figures in this note are based on the calculations carried out in connection with the formal actuarial valuation of the main schemes as at 31st March, 2001 and an interim valuation as at 31st March, 2002, updated to 29th September, 2002 by the actuary.

The main financial assumptions used for FRS 17 purposes are shown in the following table:

Price inflation	2.3%
Salary increases	4.1%
Pension increases	2.3%
Discount rate for scheme liabilities	5.5%

The fair value of the assets held by the pension schemes, the long-term expected rate of return on each class of assets and the value of the schemes' liabilities assessed on the assumptions described above are shown in the following table:

	Long-term rate of return expected at 29th September, 2002	Value at 29th September, 2002 £m	Long-term rate of return expected at 30th September, 2001	Value at 30th September, 2001 £m
Equities	8.0%	675.9	7.5%	783.6
Bonds	4.5%	133.1	5.0%	155.2
Property	7.0%	93.2	7.0%	89.2
Other Assets	4.5%	83.0	5.0%	102.8
<b>Total market value of assets</b>		<b>985.2</b>		<b>1,130.8</b>
Present value of schemes' liabilities		(1,201.4)		(1,101.3)
(Deficit)/surplus in the schemes		(216.2)		29.5
Related deferred tax asset/(liability)		64.9		(8.9)
<b>Net pension (liability)/asset</b>		<b>(151.3)</b>		<b>20.6</b>

## Notes to the Balance Sheets continued

An analysis of the amount which would be chargeable to operating profit is shown below:

	2002 £m
Current service cost	35.3
Past service cost	–
<b>Total operating charge</b>	<b>35.3</b>

An analysis of the amount which would be credited to other finance income is shown below:

	2002 £m
Expected return on pension scheme assets	76.8
Interest on pension scheme liabilities	(65.3)
<b>Net return</b>	<b>11.5</b>

An analysis of the amount which would be recognised in the statement of total recognised gains and losses (STRGL) is shown in the following table, together with the components shown as a percentage of scheme assets or liabilities:

	2002 £m
Actual return less expected return on pension scheme assets	(193.9)
Percentage of scheme assets	(19.7%)
Experience gains and losses arising on the scheme liabilities	32.3
Percentage of the present value of the scheme liabilities	2.7%
Changes in assumptions underlying the present value of the scheme liabilities	(82.7)
Actuarial gain recognisable in STRGL	(244.3)
<b>Percentage of the present value of the scheme liabilities</b>	<b>(20.3)</b>

The movement in surplus during the year is shown in the following table:

	2002 £m
Surplus in scheme at beginning of year	29.5
Movement in year:	
Current service cost	(35.3)
Contributions	22.4
Other finance income	11.5
Actuarial gain	(244.3)
<b>Deficit in schemes at end of the year</b>	<b>(216.2)</b>

### UK Defined Contribution Plans

A number of defined contribution pension plans are operated by certain divisions of the Group where a business case exists for this type of pension provision. The pension cost attributable to these plans during the year amounted to £3.0 million (2001 £1.2 million).

An amount of £0.5 million (2001 £3.1 million) is included in provisions representing outstanding contributions due at the balance sheet date.

### Overseas Pension Plans

Overseas subsidiaries of certain Group divisions operate defined contribution retirement benefit plans, primarily in North America and Australia. The pension cost attributable to these plans during the year amounts to £2.0 million (2001 £1.4 million).

### Pension Arrangements for Executives

The Group operates a two-tier, non-contributory defined benefit pension scheme for senior executives (including Executive Directors), details of which are incorporated in the above disclosures. It is the Company's policy that annual bonuses, payments under the Executive Bonus Scheme and benefits in kind are not pensionable.

Included in UK Defined Contribution Plans above are investments in a funded unapproved retirement benefit scheme for certain executives of the Group including one Executive Director who are subject to the pensionable earnings cap imposed by the Inland Revenue. The assets of this scheme are held under individual trusts independently from the Group's finances; investment during the year totalled £0.5 million (2001 £0.4 million).

### Stakeholder Pensions

DMGT provides access to a stakeholder pension plan for relevant employees who are not eligible for the other pension schemes operated by the Group.

### 40 Ultimate Holding Company

The Company's ultimate holding company is Rothermere Continuation Limited, a company incorporated in Bermuda.

### 41 Related Party Transactions

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures', not to disclose related party transactions between subsidiaries. The disclosures that are required under FRS 8 are set out below.

### Ultimate Controlling Party

The Company's ultimate controlling party is the Viscount Rothermere, the Company's Chairman. Transactions relating to the remuneration and shareholdings of the Viscount Rothermere are given in the Remuneration Report.

### Transactions with Directors

On 21st June, 2002, Northcliffe Newspapers acquired Autorespond Limited, a small company providing an electronic trade to trade marketing service to the motor trade. One of the vendors was Mr D M M Dutton who owned 15% of the company. The initial consideration for the acquisition was £161,870, of which Mr Dutton received £150,000, being full reimbursement of his investment and of an interest bearing loan. The other vendor, a third party, received the balance of the consideration and is the beneficiary of an earn-out arrangement, based on the revenues from Autorespond. No further consideration is due to Mr Dutton.

There were no other material transactions with Directors of the Company, except for those relating to remuneration and shareholdings, disclosed in the Remuneration Report.

### Transactions with Joint Ventures and Associates

Associated Newspapers has a 50% joint venture interest in Zoom. During the year, it funded its share of the operations of Zoom by way of loans. The amount due from Zoom at 29th September, 2002 was £4.9 million (2001 £4.9 million) which is included in investments in joint ventures (Note 23).

Associated Newspapers has a 17% investment in Shopcreator plc which is an associate. During the year, the Group received advertising revenue from Shopcreator of £0.2 million (2001 £0.2 million). The amount due from Shopcreator at 29th September 2002 was £nil (2001 £nil).