

## Notes to the Profit and Loss Account

### 1 Segmental Information

#### By activity

The Group's main businesses are segmented below. Each segment includes its respective associated electronic products. Broadcasting comprises the Group's teletext, television and radio interests.

Turnover comprises Group sales excluding value added tax, less discounts and commission where applicable. The share of the turnover of joint ventures has not been disclosed separately on the face of the Profit and Loss Account since it is immaterial.

Note	Net Assets		Turnover		Operating Profit	
	2002 £m	2001 £m	2002 £m	2001 £m	2002 £m	2001 £m
National newspapers and related activities	276.1	202.6	827.8	833.7	72.0	78.4
Regional newspapers and related activities	440.1	435.4	472.3	477.0	74.9	75.4
Euromoney Institutional Investor	79.0	84.5	179.7	204.8	20.9	20.2
Broadcasting	157.5	147.3	114.7	111.6	12.6	10.8
Exhibitions and related activities	81.7	95.3	141.0	133.9	10.4	(12.7)
Business to business information and careers	137.2	166.6	209.0	201.5	–	6.2
Unallocated central costs and other activities	(20.1)	(4.8)	–	0.2	(13.5)	(13.6)
<b>Turnover</b>			<b>1,944.5</b>	<b>1,962.7</b>		
<b>Operating profit</b>					<b>177.3</b>	<b>164.7</b>
	2					
Net operating assets	1,151.5	1,126.9				
Investments in joint ventures and associates	167.2	219.3				
Net non-operating liabilities	(1,040.9)	(1,026.5)				
<b>Net assets</b>	<b>277.8</b>	<b>319.7</b>				

Turnover of regional newspapers and related activities excludes intra-Group turnover of £11.4 million (2001 £10.4 million).

Associates and joint ventures together comprise more than 20% of Group net assets and hence have been segmented in accordance with SSAP 25, as follows:

	Net assets		Operating profit/(loss)	
	2002 £m	2001 £m	2002 £m	2001 £m
<b>Associates:</b>				
National newspapers and related activities	6.2	5.0	(4.5)	(1.9)
Regional newspapers and related activities	–	–	(1.8)	(3.8)
Euromoney Institutional Investor	0.1	0.4	0.4	0.2
Broadcasting	87.4	148.2	(9.0)	(0.5)
Exhibitions and related activities	49.8	57.6	0.5	(3.1)
Business to business information and careers	0.4	0.5	(0.2)	(0.7)
	<b>143.9</b>	<b>211.7</b>	<b>(14.6)</b>	<b>(9.8)</b>
<b>Joint ventures:</b>				
National newspapers and related activities	5.1	7.1	(2.2)	(4.3)
Broadcasting	18.2	0.5	0.2	0.3
	<b>23.3</b>	<b>7.6</b>	<b>(2.0)</b>	<b>(4.0)</b>
	<b>167.2</b>	<b>219.3</b>	<b>(16.6)</b>	<b>(13.8)</b>

The Group's results have not been segmented below total operating profit since such analysis would not be meaningful.

## Notes to the Profit and Loss Account

continued

### 1 Segmental Information continued

#### By geographical area

The figures for each geographical area show the net operating assets owned by, and the turnover and profits made by, companies located in that area; export sales and related profits are included in the areas from which those sales are made. Turnover in each geographical market in which customers are located is not disclosed as there is no material difference between the two.

	Net operating assets		Turnover		Operating profit	
	2002 £m	2001 £m	2002 £m	2001 £m	2002 £m	2001 £m
UK	653.3	696.7	1,560.9	1,603.3	179.9	152.3
Rest of Europe	36.6	6.8	40.9	29.5	(5.0)	4.1
North America	299.8	259.9	257.8	245.0	1.4	6.4
Rest of the World	161.8	163.5	84.9	84.9	1.0	1.9
	1,151.5	1,126.9	1,944.5	1,962.7	177.3	164.7

### 2 Operating profit

	Note	2002 Continuing £m	2002 Acquisitions £m	2002 Total £m	2001 Total £m
Turnover		1,912.6	31.9	1,944.5	1,962.7
(Decrease)/increase in stocks of finished goods and work in progress		(2.3)	–	(2.3)	1.6
Raw materials and consumables		(307.0)	(1.2)	(308.2)	(345.9)
Other external charges		(385.0)	(4.1)	(389.1)	(396.5)
Staff costs	3	(545.1)	(12.6)	(557.7)	(530.4)
Depreciation of tangible fixed assets	21	(74.2)	(0.5)	(74.7)	(69.8)
Amortisation of intangible assets	20	(52.9)	(2.6)	(55.5)	(47.1)
Impairment of intangible assets	20	–	–	–	(16.9)
Rental of property		(23.7)	–	(23.7)	(26.1)
Rental of plant and equipment		(8.1)	(0.5)	(8.6)	(5.4)
Foreign exchange translation differences		(0.2)	–	(0.2)	(1.8)
Other operating charges		(335.2)	(9.2)	(344.4)	(356.7)
Auditors' remuneration for the Group		(1.8)	–	(1.8)	(1.8)
Group auditors' fees for other services		(1.0)	–	(1.0)	(1.2)
		176.1	1.2	177.3	164.7

There were no material discontinued activities in the year.

The Group audit fee includes £34,000 (2001 £39,000) in respect of the Company's audit.

Other fees earned by the Group's auditors arise principally from circulation audits, tax advice and consultancy fees. The choice of firm to carry out non-audit work is determined on the basis of expertise and competitiveness.

Turnover and operating profit for 2002 are analysed further by segment as follows:

	Continuing £m	Acquisitions £m	Total £m
<b>Turnover</b>			
National newspapers and related activities	801.8	26.0	827.8
Regional newspapers and related activities	469.5	2.8	472.3
Euromoney Institutional Investor	179.7	–	179.7
Broadcasting	114.7	–	114.7
Exhibitions and related activities	141.0	–	141.0
Business to business information and careers	205.9	3.1	209.0
	1,912.6	31.9	1,944.5

## Notes to the Profit and Loss Account

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### 2 Operating profit continued

	2002 Continuing £m	2002 Acquisitions £m	2002 Before amortisation and impairment of intangible assets and exceptional items £m	2002 Exceptional items £m	2002 Amortisation of intangible assets £m	2002 Total £m
<b>Operating profit</b>						
National newspapers and related activities	78.9	1.4	80.3	(2.0)	(6.3)	72.0
Regional newspapers and related activities	90.1	0.1	90.2	(3.9)	(11.4)	74.9
Euromoney Institutional Investor	29.1	–	29.1	–	(8.2)	20.9
Broadcasting	16.7	–	16.7	–	(4.1)	12.6
Exhibitions and related activities	24.8	–	24.8	–	(14.4)	10.4
Business to business information and careers	11.7	2.3	14.0	(2.9)	(11.1)	–
Unallocated central costs and other activities	(13.5)	–	(13.5)	–	–	(13.5)
	237.8	3.8	241.6	(8.8)	(55.5)	177.3
Less: amortisation of intangible assets	(52.9)	(2.6)	(55.5)	–	–	–
Less: exceptional items	(8.8)	–	(8.8)	–	–	–
	176.1	1.2	177.3	–	–	–

Exceptional operating items comprise reorganisation and redundancy costs of £8.8 million.

Operating profit for 2001 is analysed further by segment as follows:

	2001 Before amortisation of intangible assets £m	2001 Exceptional items £m	2001 Impairment of intangible assets £m	2001 Amortisation of intangible assets £m	2001 Total £m
<b>Operating profit</b>					
National newspapers and related activities	82.9	–	–	(4.5)	78.4
Regional newspapers and related activities	97.3	(5.7)	(4.5)	(11.7)	75.4
Euromoney Institutional Investor	28.1	–	–	(7.9)	20.2
Broadcasting	12.4	–	–	(1.6)	10.8
Exhibitions and related activities	17.2	(4.5)	(12.4)	(13.0)	(12.7)
Business to business information and careers	14.6	–	–	(8.4)	6.2
Unallocated central costs and other activities	(13.6)	–	–	–	(13.6)
	238.9	(10.2)	(16.9)	(47.1)	164.7

In the prior year exceptional operating items comprised redundancy and reorganisation costs of £8.3 million and a provision of £1.9 million in respect of the fine by the Office of Fair Trading against Aberdeen Journals, and the associated appeal costs.

### 3 Employees

	2002 Number	2001 Number
Average number of persons employed by the Group by activity:		
National newspapers and related activities	3,502	2,927
Regional newspapers and related activities	8,230	8,346
Euromoney Institutional Investor	1,585	1,880
Broadcasting	1,147	1,070
Exhibitions and related activities	817	1,190
Business to business information and careers	3,496	3,972
Other activities	75	67
	18,852	19,452

## Notes to the Profit and Loss Account

continued

### 3 Employees continued

	2002 £m	2001 £m
Total staff costs comprised:		
Wages and salaries	494.8	468.3
Social security costs	41.4	41.8
Pension contributions	21.5	20.3
	557.7	530.4

### 4 Share of Operating Profits and Losses of Joint Ventures and Associates

	2002 £m	2001 £m
Share of operating profits/(losses) of joint ventures	0.2	(1.9)
Share of operating profits of associates (before amortisation and exceptional items)	4.9	2.3
Before amortisation and impairment of goodwill and exceptional items	5.1	0.4
Share of amortisation of goodwill of associates	(3.1)	(2.5)
Share of impairment of goodwill in associates	(6.5)	–
Amortisation of goodwill of joint ventures and associates	(12.1)	(8.9)
Share of operating exceptional losses of associates	–	(2.8)
	(16.6)	(13.8)

### 5 Profit on Sale of Fixed Assets

	2002 £m	2001 £m
Profit on sale of tangible fixed assets	3.5	1.1
Profit on sale of investments	–	0.1
	3.5	1.2

### 6 Profit/(Loss) on Disposal and Closure of Businesses including Associates

	Note	2002 £m	2001 £m
Loss on closure of businesses		(0.2)	(7.1)
Profit on sale of businesses	36	6.8	0.9
Profit on sale of associates		0.5	–
Share of associates' profit on sale of businesses		1.5	0.3
		8.6	(5.9)

The profit on sale of businesses comprises a final tranche of unprovided, contingent proceeds on Euromoney's sale of 100% Design Limited combined with a profit on sale of Eastern Counties Radio Limited. The share of associates' profit on sale of businesses comprises the Group's share of the profits on disposal of London News Radio Limited and Vibe Radio Services Limited by GWR, offset by the loss on disposal by GWR of its 25% interest in DMG Radio Australia to the Group.

Profit on sale of businesses in the prior year comprised that on the sale of Johansens in August, offset by a loss on the disposal of the Power and Handling division in the Exhibitions' division in September. The prior year loss on closure of businesses relates to the closure of four non-performing Euromoney businesses in the US and UK, together with that within the Exhibitions division. The loss on closure of businesses in the prior year includes £5.8 million of goodwill, previously written off against reserves.

## Notes to the Profit and Loss Account

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### 7 Income from Other Fixed Asset Investments

	2002 £m	2001 £m
Reuters Group plc	1.3	2.1
The Press Association Limited	3.9	4.3
Other investment income	–	0.3
	5.2	6.7

### 8 Net Interest Payable

	2002 £m	2001 £m
Interest on loans and Eurobonds	(67.6)	(68.5)
Share of interest payable by joint ventures and associates	(1.7)	(2.0)
Interest payable on finance leases	(2.2)	(3.0)
	(71.5)	(73.5)
Interest receivable from short-term deposits	3.4	7.7
Share of interest receivable by joint ventures and associates	0.5	0.2
	(67.6)	(65.6)

### 9 Other Finance Charges (Net)

	2002 £m	2001 £m
Premium on repurchase of Exchangeable Bonds	(1.3)	–
Finance credit on discounting of deferred proceeds	1.9	–
Finance charge on discounting of deferred consideration	(2.4)	(2.9)
	(1.8)	(2.9)

The premium on repurchase of Exchangeable Bonds arose as a result of their being acquired for a price in excess of their par value.

The finance credit on the discounting of deferred proceeds arises from the requirement under FRS 7 to discount deferred proceeds, deferred in respect of disposals, back to current values.

The finance charge on the discounting of deferred consideration arises from the adoption of the same treatment in respect of acquisitions, back to the current values.

### 10 Taxation on Profit on Ordinary Activities

	Note	2002 £m	2001 £m
The charge on the profit for the year consists of:			
UK			
Corporation tax at 30% (2001 30%)		(39.7)	(51.7)
Adjustments in respect of prior year	iv	29.9	14.3
Share of associates and joint ventures		(1.1)	(0.6)
		(10.9)	(38.0)
Overseas taxation			
Corporation taxes		(8.9)	(2.1)
Adjustments in respect of prior year	iv	(0.1)	1.5
Total current taxation		(19.9)	(38.6)
Deferred tax			
Origination and reversals of timing differences		(6.1)	(2.0)
Increase in discount		4.5	3.4
Adjustments in respect of prior year		1.3	–
Adjustments in respect of prior year discount		2.4	–
		(17.8)	(37.2)

## Notes to the Profit and Loss Account

continued

### 10 Taxation on Profit on Ordinary Activities continued

(i) The tax charge for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 30%). The differences are explained below:

	2002 £m	2001 £m
Profit on ordinary activities before tax	107.4	82.9
Profit on ordinary activities at the standard rate of 30%	(32.2)	(24.9)
Effect of:		
Expenses not deductible for tax purposes:		
Amortisation of intangible assets	(9.3)	(11.5)
Impairment of intangible assets	–	(3.7)
Other expenses not deductible for tax purposes	(5.3)	(6.9)
Additional items deductible for tax purposes	10.7	–
Accelerated capital allowances and other timing differences	3.3	(1.4)
Capital gains rolled over	–	0.4
Non taxable income	1.5	2.0
Effect of overseas tax rates	(2.4)	7.5
Effect of associates tax	(5.9)	(4.1)
Tax losses unrelieved	(13.4)	(10.4)
Write off/disposal of subsidiaries	3.2	(1.9)
Prior year tax credit	29.8	15.8
Other	0.1	0.5
Current tax charge on the profit for the year	(19.9)	(38.6)

(ii) The underlying tax on profits before amortisation and impairment of intangible assets and exceptional items amounted to £49.5 million (2001 £54.1 million) (Note 15) and the resulting rate is 27.1% (2001 30.5%). There was a tax credit of £31.7 million (2001 £16.9 million) relating to exceptional items in the current and prior years. This included a charge of £0.8 million (2001 £14.3 million) which arose on the sale of fixed assets, a credit of £nil (2001 £0.6 million) on the disposal and closure of businesses, a credit of £2.7 million (2001 £2.0 million) in respect of exceptional operating items, a credit of £27.4 million (2001 £nil) following the agreement of certain prior year open issues with the UK Inland Revenue in relation to the Group's international structure, and a credit of £2.4 million (2001 £nil) relating to the prior year effect of discounting deferred tax.

(iii) The prior year items of £29.8 million (2001 £15.8 million) arose largely from a reassessment of tax provisions no longer required.

(iv) In subsequent years the Group's tax charge may be affected by the movement in currently unrecognised deferred tax assets, the largest of which relates to the Group's accumulated tax losses in the US.

### 11 Directors

The emoluments of the Directors of the Company for the years ended 29th September, 2002 and 30th September, 2001 were as follows:

	2002 £000	2001 £000
Aggregate emoluments	3,176	3,002
Gains on exercise of share options	37	–
Amounts receivable under long-term incentive schemes	1,638	1,441
Sums paid to third parties for Directors' services	66	66
	4,917	4,509

The emoluments of the Highest Paid Director in respective years were as follows:

	£000	£000
Aggregate emoluments	189	187
Amounts receivable under long-term incentive schemes	1,638	1,441
	1,827	1,628

Further details of the emoluments, share options, interests under long term incentive schemes and pension benefits of the Directors of the Company, for the years ended 29th September, 2002 and 30th September, 2001 are set out in the Remuneration Report which forms part of these accounts.

## Notes to the Profit and Loss Account

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### 12 Profit for the Financial Year

As permitted by section 230 of the Companies Act 1985, a separate profit and loss account for the Company has not been included in these accounts. The Company's profit after tax for the year was £10.7 million (2001 loss £31.7 million).

### 13 Dividends

	2002 Pence per share	£m	2001 Pence per share	£m
Interim paid				
Ordinary shares	2.95	0.6	2.75	0.5
'A' Ordinary Non-Voting shares	2.95	11.1	2.75	10.4
		11.7		10.9
Final proposed				
Ordinary shares	6.25	1.3	5.85	1.2
'A' Ordinary Non-Voting shares	6.25	23.6	5.85	22.1
		24.9		23.3
	9.20	36.6	8.60	34.2

All shares in issue are equity shares.

### 14 Earnings per Share

Basic earnings per share of 20.8p (2001 10.8p) are calculated, in accordance with FRS 14, on Group profit for the financial year of £82.8 million (2001 £42.9 million) and on the weighted average number of ordinary shares in issue during the year, as set out below.

Diluted earnings per share of 20.8p (2001 10.7p) are calculated, in accordance with FRS 14, on an unchanged earnings numerator and on the weighted average number of ordinary shares in issue during the year, as set out below.

As in previous years, adjusted earnings per share have also been disclosed since the Directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance. Adjusted earnings per share of 31.0p (2001 29.4p) are calculated on profit before amortisation and impairment of intangible assets and exceptional items, after charging the taxation and minority interests associated with those profits, of £123.4 million (2001 £117.3 million), as set out in Note 15 below, and on the basic weighted average number of ordinary shares in issue during the year.

	2002 pence per share	2001 pence per share
Basic earnings per share	20.8	10.8
Adjustments:		
Amortisation of intangible assets	17.8	14.7
Impairment of intangible assets	1.6	4.2
Exceptional items	(0.5)	4.8
Taxation on exceptional items	(8.0)	(4.3)
Interest of minority shareholders	(0.7)	(0.8)
Adjusted earnings per share (before amortisation and impairment of intangible assets and exceptional items)	31.0	29.4

The weighted average number of ordinary shares in issue during the year for the purpose of these calculations is as follows:

	2002 No million	2001 No million
Weighted average number of shares		
Number of ordinary shares in issue	401.0	400.9
Shares held by the DMGT Share Trust	(3.1)	(2.6)
Basic earnings per share denominator	397.9	398.3
Effect of dilutive share options	0.3	1.3
Dilutive earnings per share denominator	398.2	399.6

## Notes to the Profit and Loss Account

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### 15 Adjusted profit (before amortisation and impairment of intangible assets and exceptional items, after taxation and minority interests)

	Note	2002 £m	2001 £m
Profit before tax		107.4	82.9
Add back:			
Amortisation of intangible assets in Group operating profit and in joint ventures		70.7	58.5
Impairment of intangible assets		6.5	16.9
Operating exceptional losses		8.8	10.2
Share of operating exceptional losses in associates		–	2.8
Profit on sale of fixed assets	5	(3.5)	(1.2)
(Profit)/loss on disposal of businesses	6	(8.6)	5.9
Amounts written off investments		1.2	1.5
<b>Profit before amortisation and impairment of intangible assets, exceptional items and taxation</b>		<b>182.5</b>	<b>177.5</b>
Taxation charge	10ii	(49.5)	(54.1)
Interest of minority shareholders	i	(9.6)	(6.1)
<b>Profit before amortisation and impairment of intangible assets and exceptional items, after taxation and minority interests</b>		<b>123.4</b>	<b>117.3</b>

(i) The adjusted minority charge for the year of £9.6 million (2001 £6.1 million) is stated after eliminating a credit of £3.3 million (2001 £2.4 million), being the minority share of amortisation, and a charge of £0.5 million (2001 credit of £0.9 million) on exceptional items.