

NOTES TO THE BALANCE SHEETS

19 Intangible Assets

	Note	Goodwill £m (Note i)	Other intangible assets £m (Note ii)	Total £m
Group				
Cost				
At beginning of year		726.1	472.0	1,198.1
Additions	33	107.1	4.0	111.1
Adjustment to previous year estimate of deferred consideration		(0.4)	–	(0.4)
Disposals		(10.6)	(3.5)	(14.1)
Transfer		(20.8)	28.7	7.9
Exchange adjustment		–	14.9	14.9
At end of year		801.4	516.1	1,317.5

	Note	Goodwill £m	Other intangible assets £m	Total £m
Accumulated amortisation				
At beginning of year		204.7	200.4	405.1
Charge for the year	2	50.5	21.8	72.3
Impairment	2	1.3	2.6	3.9
Disposals		(6.6)	(0.2)	(6.8)
Transfer		0.2	7.7	7.9
Exchange adjustment		–	1.7	1.7
At end of year		250.1	234.0	484.1
Net book value – 2005		551.3	282.1	833.4
Net book value – 2004		521.4	271.6	793.0

(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.

	Trade Marks £m
Company	
Cost	
At beginning of year	125.0
Disposals	(115.0)
At end of year	10.0
Accumulated amortisation	
At beginning of year	12.5
Charge for the year	6.3
Disposals	(17.3)
At end of year	1.5
Net book value – 2005	8.5
Net book value – 2004	112.5

Trade marks are amortised over the lower of their useful economic life and a period of 20 years.

NOTES TO THE BALANCE SHEETS

Continued

20 Tangible Assets

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Group						
Cost or valuation	i					
At beginning of year		105.4	78.3	46.7	781.7	1,012.1
Owned by subsidiaries acquired		–	–	–	0.5	0.5
Additions		3.8	9.8	5.0	75.3	93.9
Disposals		(1.4)	(0.1)	(1.3)	(105.6)	(108.4)
Transfers		2.5	0.3	1.3	(3.1)	1.0
Exchange adjustment		–	0.3	0.5	2.6	3.4
At end of year		110.3	88.6	52.2	751.4	1,002.5
Held at: Cost		108.2	88.5	52.0	751.4	1,000.1
Valuation		2.1	0.1	0.2	–	2.4
		110.3	88.6	52.2	751.4	1,002.5

	Note	Freehold properties £m	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Accumulated depreciation						
At beginning of year		21.1	27.4	26.9	434.1	509.5
Charge for the year	2	1.5	2.7	2.3	66.2	72.7
Disposals		(0.2)	(0.1)	(0.8)	(99.4)	(100.5)
Transfers		–	–	–	1.0	1.0
Exchange adjustment		(0.1)	0.1	0.1	1.3	1.4
At end of year		22.3	30.1	28.5	403.2	484.1
Net book value – 2005	iii	88.0	58.5	23.7	348.2	518.4
Net book value – 2004		84.3	50.9	19.8	347.6	502.6

(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 Tangible Fixed Assets. 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:

	Long leasehold properties £m	Short leasehold properties £m	Plant and equipment £m	Total £m
Assets in the Course of Construction				
Group				
Cost and net book value				
At beginning of year	0.2	0.1	31.5	31.8
Transfers	(0.4)	–	(26.5)	(26.9)
Additions	8.9	–	18.7	27.6
Exchange adjustment	–	–	0.2	0.2
At end of year	8.7	0.1	23.9	32.7

No depreciation was charged on assets in the course of construction during the year (2004 £Nil).

(iii) The net book value of Group plant and equipment includes £24.8 million (2004 £30.5 million) in respect of assets held under finance leases mainly held in a number of the Group's provincial newspaper centres. Depreciation of £4.8 million (2004 £4.0 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

20 Tangible Assets continued

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

	Freehold properties £m	Leasehold properties long £m	Leasehold properties short £m
Group			
Historical cost at end of year	–	114.0	88.5
Aggregate depreciation based on historical cost	18.7	(22.8)	(30.4)
	18.7	91.2	58.1

21 Investments in Group Undertakings (as listed on pages 82 to 84)

	Cost £m	Provision £m	Net book value £m
Company			
At beginning of year	1,742.4	(3.9)	1,738.5
Additions	5.0	–	5.0
Disposals	(75.0)	2.2	(72.8)
At end of year	1,672.4	(1.7)	1,670.7

Additions and disposals comprise intra-group transfers of subsidiaries.

22 Investments in Joint Ventures and Associates

	Note	Cost of shares £m	Loans £m	Share of post-acquisition retained reserves £m	Total £m
Joint ventures					
Group					
At beginning of year		43.0	7.8	(27.5)	23.3
Additions		1.7	1.1	–	2.8
Loan repayments		–	(2.9)	–	(2.9)
Disposals	i, 18	(19.4)	(3.5)	20.7	(2.2)
Share of retained reserves		–	–	(1.1)	(1.1)
Exchange adjustment		2.3	0.2	–	2.5
At end of year		27.6	2.7	(7.9)	22.4

(i) The principal disposal during the year related to the Group's investment in California Market Centre Inc.

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).

	Note	Principal activity	Year ended	Description of holding	Group interest %
Unlisted					
A-Z Agentia de Publicitate S.A. (incorporated and operating in Romania)	ii	Publisher of classified publications	31 Dec 04	Ordinary	50%
OYO RMS Corporation (incorporated and operating in Japan)	ii	Risk management information provider	30 Sep 05	Ordinary	50%
Brisbane FM Radio Pty Limited (incorporated and operating in Australia)	ii	Independent radio operator	31 Dec 04	Ordinary	50%
DMG Radio (Perth) Pty Limited (incorporated and operating in Australia)	ii	Independent radio operator	30 Sep 05	Ordinary	50%

NOTES TO THE BALANCE SHEETS

Continued

22 Investments in Joint Ventures and Associates continued

	Note	Cost of shares £m	Loans £m	Share of post-acquisition retained reserves £m	Total £m
Associates					
Group					
At beginning of year		210.9	3.6	(96.3)	118.2
Additions		27.2	2.9	–	30.1
Loan repayments		–	(0.4)	–	(0.4)
Share of retained reserves		–	–	(11.8)	(11.8)
Transfer to long-term investments	23	(125.0)	–	52.2	(72.8)
Exchange adjustment		2.0	–	(0.3)	1.7
At end of year		115.1	6.1	(56.2)	65.0

The transfer represents the transfer of the Group's interests in GCap Media (formerly GWR) from associates into long-term investments.

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 %
Unlisted					
George Little Management LLC (incorporated and operating in the USA)	ii, iii	Organisers of trade exhibitions	30 Sep 05	Class A and B membership interests	40%
Independent Television News Limited	ii	Independent TV news provider	31 Dec 04	Ordinary	20%
Shopcreator plc	ii, iv	Internet e-commerce software provider	31 Dec 04	Ordinary	17%
Western Exhibitors LLC (incorporated and operating in the USA)	ii	Organisers of trade exhibitions	30 Sep 05	Membership interests	25%
Indigo Holidays Limited	ii	Tour operator	30 Jun 05	Ordinary	38%

(ii) Joint ventures have been accounted for under the gross equity method and associates under the net equity method using unaudited accounts to 2nd October, 2005, 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 a 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 35.

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

(v) Share of post-acquisition reserves is stated after deducting goodwill written off directly against reserves of £15.7 million (2004 £32.8 million). The carrying value of joint ventures and associates includes goodwill on acquisition by the Group, less cumulative amortisation, of £98.8 million (2004 £124.9 million). The charge for the year was £9.0 million (2004 £16.2 million) (Note 4).

NOTES TO THE BALANCE SHEETS

Continued

23 Other Investments

	Note	Group £m	Company £m
Cost or valuation			
At beginning of year		37.4	1.2
Additions		0.4	–
Disposals		(6.1)	–
Transfer from associates	22	72.8	–
Provided during year		(2.5)	(0.1)
Exchange adjustment		(0.1)	–
At end of year		101.9	1.1

Investments are analysed as follows:

	Note	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Listed					
Reuters Group plc		10.5	16.9	–	–
GCap Media plc		73.3	–	–	–
	i	83.8	16.9	–	–
Unlisted					
XAP Corporation Inc		12.0	12.0	–	–
Other		6.1	8.5	1.1	1.2
		18.1	20.5	1.1	1.2
		101.9	37.4	1.1	1.2

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

	Note	Class of holding	Group interest %
Reuters Group plc	i	Ordinary	0.5%
GCap Media plc	i	Ordinary	14.3%
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) The market value of the listed investments at 2nd October, 2005 was £101.6 million (2004 £35.6 million).

24 Stocks and Work in Progress

	2005 £m	2004 £m
Group		
Raw materials and consumables	13.2	13.2
Work in progress	12.7	10.5
Finished goods	0.7	1.1
	26.6	24.8

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

NOTES TO THE BALANCE SHEETS

Continued

25 Debtors

	Note	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Amounts falling due within one year					
Trade debtors		305.7	284.7	–	–
Amounts owed by Group undertakings		–	–	252.6	39.0
Prepayments and accrued income		120.0	96.7	1.3	7.8
Corporation tax	i	–	–	43.9	10.0
Deferred tax asset	ii, 30i	19.7	11.5	0.4	1.0
Other debtors		33.6	16.6	–	1.3
		479.0	409.5	298.2	59.1
Amounts falling due after one year					
Trade debtors		5.0	5.2	–	–
Amounts owed by Group undertakings		–	–	89.2	–
Prepayments and accrued income		2.3	3.0	–	–
Other debtors		7.1	11.6	–	–
		14.4	19.8	89.2	–
		493.4	429.3	387.4	59.1

(i) The Company's corporation tax debtor represents amounts due from subsidiaries for Group relief and payments made on account of the 2005 liability.

(ii) The Group's deferred tax asset primarily represents certain overseas tax losses.

26 Treasury Information

An overview of treasury policies is included within the Financial and Treasury Review on pages 17 to 20.

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	Total £m	Net foreign Sterling £m	currency monetary US dollar £m	assets/(liabilities) Other £m
2005				
Sterling	17.1	–	15.3	1.8
Other	11.8	0.6	9.3	1.9
	28.9	0.6	24.6	3.7
2004				
Sterling	2.1	–	1.4	0.7
Other	(1.4)	(1.2)	5.9	(6.1)
	0.7	(1.2)	7.3	(5.4)

NOTES TO THE BALANCE SHEETS

Continued

26 Treasury Information continued

Currency and Interest Rate Composition of Financial Assets

Currency	Total £m	Floating rate financial assets £m	Fixed rate financial assets £m	Non interest bearing financial assets £m
2005				
Sterling	180.0	169.9	–	10.1
US dollar	21.6	18.5	–	3.1
Australian dollar	6.2	5.3	–	0.9
Canadian dollar	0.4	0.4	–	–
Euro	9.2	9.2	–	–
Other	9.3	7.3	2.0	–
	226.7	210.6	2.0	14.1

Of which:				
Listed investments	83.8	83.8	–	–
Unlisted investments	18.1	17.4	0.7	–
Short-term investments	42.5	–	42.5	–
Cash	82.3	82.3	–	–
	226.7	183.5	43.2	–

Currency	Total £m	Floating rate financial assets £m	Fixed rate financial assets £m	Non interest bearing financial assets £m
2004				
Sterling	55.9	55.5	–	0.4
US dollar	44.7	29.0	0.7	15.0
Australian dollar	6.5	3.8	–	2.7
Canadian dollar	0.4	0.4	–	–
Other	22.6	18.0	2.9	1.7
Of which:	130.1	106.7	3.6	19.8
Reuters shares	16.9	16.9	–	–
Unlisted investments	20.5	0.7	–	19.8
Short-term investments	4.7	1.1	3.6	–
Cash	88.0	88.0	–	–
	130.1	106.7	3.6	19.8

Committed Borrowing Facilities

The following undrawn committed borrowing facilities were available to the Group on 2nd October, 2005 and at 3rd October, 2004, in respect of which all conditions precedent had been met:

	2005 £m	2004 £m
Expiring in less than one year	–	198.2
Expiring in more than one year but not more than two years	–	–
Expiring in more than two years	107.3	–
	107.3	198.2

NOTES TO THE BALANCE SHEETS

Continued

26 Treasury Information continued

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:

	2005 £m	2004 £m
In one year or less, or on demand	21.3	200.4
In more than one year but not more than two years	15.4	15.0
In more than two years but not more than five years	227.1	20.2
In more than five years	657.0	661.8
	920.8	897.4

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:

	2005 £m	2004 £m
In one year or less, or on demand	226.7	130.1

Currency Profile of Financial Liabilities

The currency profile of financial liabilities, stated after taking account of applicable derivative instruments as at 2nd October, 2005 and at 3rd October, 2004, was as follows:

Currency	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m
2005			
Sterling	501.8	303.7	198.1
US dollar	242.9	23.9	219.0
Australian dollar	175.0	13.0	162.0
Other	1.1	0.2	0.9
	920.8	340.8	580.0
2004			
Sterling	673.4	116.6	556.8
US dollar	168.6	63.7	104.9
Australian dollar	50.1	13.7	36.4
Other	5.3	5.3	-
	897.4	199.3	698.1

The above tables do not take into consideration the effect of U.S. dollar and Australian dollar forward contracts which are used by the Group to create 'synthetic currency debt'. The impact of including these derivatives on the above table would be as follows:

NOTES TO THE BALANCE SHEETS

Continued

26 Treasury Information continued

Currency	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m
2005			
Sterling	145.1	(53.3)	198.4
US dollar	557.4	338.4	219.0
Australian dollar	217.4	55.4	162.0
Other	0.9	–	0.9
	920.8	340.5	580.3
2004			
Sterling	611.7	54.9	556.8
US dollar	229.0	124.1	104.9
Australian dollar	51.4	15.0	36.4
Other	5.3	5.3	–
	897.4	199.3	698.1

At the year end, the Group had a US\$ fixed interest rate swap outstanding amounting to US\$10 million (2004 US\$10 million) at a rate of 5.0025% (2004 5.0025%). The Group also had outstanding floating rate interest rate swaps of £75 million (2004 £75 million) at rates between 4.91% and 5.1825% (2004 4.47875% and 4.80875%).

The Group also had outstanding cross currency fixed to fixed interest rate swaps. These amounted to £207.7 million/US\$370.1 million (2004 £83 million/US\$140 million) resulting in the Group paying fixed US dollar interest at rates of between 2.615% and 5.04% (2004 between 2.615% and 4.3515%), £43.9 million/Aus\$105 million (2004 £35 million/Aus\$85 million) with the Group paying fixed Australian dollar interest at rates of between 5.66% and 6.44% (2004 between 5.66% and 6.44%), JPY21.3 billion/£118.4 million (2004 JPYNil/£Nil) with the Group paying fixed JPY interest of 0.9% (2004 JPY Nil) and in the prior year JPY 19.9 billion/Aus\$252 million) resulting in the Group paying fixed Japanese Yen interest of 0.9%.

The Group also had outstanding a number of interest rate caps. These amounted to US\$80 million (2004 US\$80 million) at rates of between 4% and 6% (2004 4% and 6%) and Aus\$Nil (2004 Aus\$25 million at rates of between 6% and 7%).

Interest Rate Risk Profile of Fixed Rate Financial Liabilities

Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years
2005		
Sterling	8.10%	11.1
US dollar	4.15%	5.6
Australian dollar	6.4%	2.4
2004		
Sterling	8.32%	10.6
US dollar	3.59%	3.4
Australian dollar	6.08%	4.1

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.

NOTES TO THE BALANCE SHEETS

Continued

26 Treasury Information continued

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 2nd October, 2005 and at 3rd October, 2004.

	Book Value 2005 £m	Fair Value 2005 £m
Primary financial instruments held or issued		
Short-term financial liabilities and current portion of long-term borrowings	(21.3)	(21.3)
Long-term borrowings and long-term element of deferred consideration	(899.5)	(990.6)
Financial assets	226.7	244.5

	Book Value 2004 £m	Fair Value 2004 £m
Primary financial instruments held or issued to finance the Group's operations		
Short-term financial liabilities and current portion of long-term borrowings	(200.4)	(200.4)
Long-term borrowings and long-term element of deferred consideration	(697.0)	(769.3)
Financial assets	130.1	148.8

Derivative financial instruments, held to manage the interest rate and currency profile comprise interest rate swaps, caps, currency swaps and forward currency contracts. The book value of these instruments at the year end was £Nil (2004 £Nil) and the fair value was an asset of £9.0 million (2004 £3.0 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 3rd October, 2004	13.2	(10.2)	3.0
Gains and losses arising in previous years that were recognised in 2005	(10.3)	7.1	(3.2)
Gains and losses arising before 3rd October, 2004 that were not recognised in 2005	2.9	(3.1)	(0.2)
Gains and losses arising in 2005 that were not recognised in 2005	19.6	(10.4)	9.2
Unrecognised gains and losses on hedges as at 2nd October, 2005	22.5	(13.5)	9.0
Of which:			
Gains and losses expected to be recognised in the year ended 1st October, 2006	2.2	(7.2)	(5.0)
Gains and losses expected to be recognised in the year ended 30th September, 2007 or later	20.3	(6.3)	14.0

27 Short-Term Investments

	2005 £m	2004 £m
Group		
Cost	42.5	4.7

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

NOTES TO THE BALANCE SHEETS

Continued

28 Creditors

	Note	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Due within one year					
Bank overdrafts		0.2	1.3	2.1	2.3
Short-term bank loans	i, iv	3.5	93.2	–	28.0
Bonds		–	87.7	–	87.7
Loan notes	ii	11.0	12.7	3.4	3.7
Obligations under finance leases	v	6.6	5.5	–	–
Trade creditors		84.4	85.4	–	–
Interest payable		29.1	32.4	28.5	31.6
Amounts owing to Group undertakings		–	–	310.1	95.2
Corporation tax		123.6	107.8	–	–
Other taxation and social security		40.2	29.7	–	–
Deferred consideration		44.6	31.5	–	–
Other creditors		32.5	22.9	2.6	–
Accruals and deferred income		345.6	312.7	1.4	17.3
Dividend		32.6	30.0	32.6	30.0
		753.9	852.8	380.7	295.8

(i) Short-term bank loans of £3.5 million (2004 £93.2 million) are drawn on bank facilities expiring within one year at the balance sheet date 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	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Due after more than one year					
7.5% Bonds 2013	iii	302.2	302.4	302.2	302.4
5.75% Bonds 2018	iii	173.9	173.8	173.9	173.8
10% Bonds 2021	iii	180.8	181.4	180.8	181.4
Bank loans	iv	205.3	0.2	41.2	–
Long-term loans		862.2	657.8	698.1	657.6
Obligations under finance leases	v	7.7	14.3	–	–
Deferred consideration		29.6	24.9	–	–
Other creditors		6.8	6.8	–	–
		906.3	703.8	698.1	657.6

NOTES TO THE BALANCE SHEETS

Continued

28 Creditors continued

	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
The nominal values of the bonds are as follows:				
9.75% Bonds 2005	–	87.7	–	87.7
7.5% Bonds 2013	300.0	300.0	300.0	300.0
5.75% Bond 2018	175.0	175.0	175.0	175.0
10% Bonds 2021	165.0	165.0	165.0	165.0
	640.0	727.7	640.0	727.7

(iii) In accordance with FRS 4, the Group's bonds have been adjusted from their nominal values to offset the unamortised issue costs of £3.5 million (2004 £3.8 million). The issue costs are being amortised over the expected lives of the bonds.

(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 4.0664 to 5.76% (2004 1.61% to 5.465%).

(v) The interest rates on finance leases were approximately 8% (2004 8%).

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

	Total £m	Bonds £m	Other long term loans £m	Finance leases £m
2005				
Group				
Between 1-2 years	1.1	–	0.1	1.0
Between 2-5 years	211.8	–	205.1	6.7
Over five years	657.0	656.9	0.1	–
	869.9	656.9	205.3	7.7
2004				
Group				
Between 1-2 years	6.6	–	–	6.6
Between 2-5 years	3.7	–	0.1	3.6
Over five years	661.8	657.6	0.1	4.1
	672.1	657.6	0.2	14.3

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

	Total £m	2005 Due after 5 years £m	Total £m	2004 Due after 5 years £m
7.5% bonds 2013	302.2	302.2	302.4	302.4
5.75% bonds 2018	173.9	173.9	173.8	173.8
10% bonds 2021	180.8	180.8	181.4	181.4
Bank loans	208.8	0.1	93.4	0.1
Obligations under finance leases	14.3	–	19.8	4.1
	880.0	657.0	770.8	661.8

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

NOTES TO THE BALANCE SHEETS

Continued

28 Creditors continued

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

	2005 Bonds £m	2005 Bank loans £m	2004 Bonds £m	2004 Bank loans £m
Company				
Over five years	656.9	–	657.6	–
	656.9	–	657.6	–

29 Provisions for Liabilities and Charges

	Note	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Deferred taxation	30	52.4	49.3	–	–
Other provisions		10.9	13.3	–	0.9
		63.3	62.6	–	0.9

Movements on other provisions were as follows:

	Lease £m	Redundancy and reorganisation £m	Pensions £m	Legal £m	Other £m	Total £m
Group						
As restated	0.8	0.2	1.1	3.8	7.4	13.3
Charged during year	–	0.4	–	2.1	5.9	8.4
Utilised during year	(0.1)	(0.6)	(0.7)	(2.7)	(7.5)	(11.6)
Transfer	–	–	–	–	0.8	0.8
At end of year	0.7	–	0.4	3.2	6.6	10.9

The provisions are expected to be utilised within the next financial period.

	Pensions £m	Other £m	Total £m
Company			
At beginning of year	0.6	0.3	0.9
Utilised during year	(0.6)	(0.3)	(0.9)
At end of year	–	–	–

NOTES TO THE BALANCE SHEETS

Continued

30 Deferred Taxation

	Note	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Accelerated capital allowances		35.9	42.2	–	–
Unamortised goodwill		–	(0.5)	–	–
Goodwill offset against reserves	iv	24.9	22.1	–	–
Other timing differences		(1.0)	(0.7)	–	–
Undiscounted provision for deferred tax		59.8	63.1	–	–
Discount	iv	(27.1)	(25.3)	–	–
Discounted provision for deferred tax		32.7	37.8	(0.4)	(1.0)
Disclosed within provisions	29	52.4	49.3	–	–
Disclosed within debtors	25	(19.7)	(11.5)	(0.4)	(1.0)
		32.7	37.8	(0.4)	(1.0)

Movements on the provision for deferred taxation were as follows:

	Group £m	Company £m
At beginning of year	37.8	(1.0)
Net (credit)/charge to profit and loss account	(5.1)	0.6
At end of year	32.7	(0.4)

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

	Note	2005 £m	Group 2004 £m	2005 £m	Company 2004 £m
Other timing differences	i	(18.2)	(29.9)	–	–

(i) The deferred tax assets disclosed in note 25 in respect of overseas tax losses, relate primarily to trading losses incurred in the U.S. and have been recognised on the basis that the Directors are of the opinion based on recent and forecast trading, that sufficient suitable taxable profits will be generated in the relevant territories in future accounting periods, such that it is considered more likely than not than these assets will be recovered. The unrecognised deferred tax asset of £18.2 million (2004 £29.9 million) above relates primarily to overseas tax losses where there is insufficient certainty that these losses will be utilised in 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 Goodwill and Intangible Fixed Assets. 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 £2.2 million (2004 £3.2 million). The effect of discounting the Group's other deferred tax assets and liabilities is not material.

NOTES TO THE BALANCE SHEETS

Continued

31 Called Up Share Capital

	Authorised		Allotted and fully paid	
	2005 £m	2004 £m	2005 £m	2004 £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	47.7	47.7
	51.0	51.0	50.2	50.2

	Note	Number of shares		Number of shares	
		2005	2004	2005	2004
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	381,606,414	381,421,648
		408,000,000	408,000,000	401,492,886	401,308,120

(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 vote at general meetings of the Company.

(ii) During the year, 184,766 'A' Ordinary Non-Voting shares were allotted for aggregate consideration of £1,069,664 under the terms of the Company's 1997 Executive Share Option scheme.

(iii) At 2nd October, 2005, options were outstanding under the terms of the Company's 1997 Executive Share Option Schemes over a total of 5,490,734 (2004 4,700,500) 'A' Ordinary Non-Voting shares as follows:

NOTES TO THE BALANCE SHEETS

Continued

31 Called Up Share Capital continued

Note	At 4th October, 2004	Granted during the year	Exercised during the year	Reclassified during the year	Lapsed during the year	At 2nd October, 2005	Exercise Price £	Weighted average market price at date of exercise £	Normal date from which exercisable'	Expiry date
DMGT 1997 Executive Share Option Scheme										
	246,000	–	(30,620)	–	–	215,380*	4.070625	6.97	12-Jun-00	12-Jun-07
	24,000	–	(21,924)	–	–	2,076*	4.300000	7.31	21-Jul-00	21-Jul-07
	–	–	–	24,000	–	24,000*	4.737500		12-Dec-00	1-Jan-06
	24,000	–	–	(24,000)	–	–*	4.737500		12-Dec-00	12-Dec-07
	24,000	–	(24,000)	–	–	–*	6.475000	7.36	15-Dec-01	10-Mar-05
	–	–	–	24,000	–	24,000*	6.475000		15-Dec-01	1-Jan-06
	634,000	–	(40,000)	(24,000)	–	570,000*	6.475000	7.05	15-Dec-01	15-Dec-08
vi	20,000	–	–	–	(20,000)	–	10.295000		23-Dec-02	10-Mar-05
vi	–	–	–	10,000	10,000	–	10.295000		23-Dec-02	1-Jan-06
vi	516,000	–	–	(10,000)	(20,000)	486,000	10.295000		23-Dec-02	23-Dec-09
vi	24,000	–	–	–	–	24,000	10.960000		16-Jun-03	16-Jun-10
	15,000	–	–	–	(15,000)	–*	8.340000		18-Dec-03	10-Mar-05
	–	–	–	17,500	–	17,500	8.340000		18-Dec-03	1-Jan-06
	608,000	–	–	(17,500)	(16,000)	574,500*	8.340000		18-Dec-03	18-Dec-10
	65,500	–	–	–	–	65,500*	7.250000		11-Jul-04	11-Jul-11
vii	40,000	–	(40,000)	–	–	–*	6.450000	7.00	14-Dec-04	14-Jun-05
vii	–	–	–	15,000	–	15,000*	6.450000		14-Dec-04	1-Jan-06
vii	–	–	–	8,000	–	8,000*	6.450000		14-Dec-04	31-Mar-06
vii	538,000	–	(23,000)	(23,000)	(5,000)	487,000*	6.450000	6.79	14-Dec-04	14-Dec-11
vii	10,000	–	–	–	–	10,000*	6.480000		2-Jan-05	2-Jan-12
vii	90,000	–	–	–	–	90,000*	6.450000		21-Jan-05	21-Jan-12
	5,000	–	(5,000)	–	–	–	5.730000	7.16	30-Sep-04	31-Mar-05
vii	22,000	–	–	14,000	–	36,000	5.730000		16-Dec-05	16-Jun-06
vii	795,500	–	–	(14,000)	(18,000)	763,500	5.730000		16-Dec-05	16-Dec-12
vii	68,000	–	–	–	–	68,000	5.815000		2-Jan-06	2-Jan-13
	222	–	(222)	–	–	–	6.075000	7.16	30-Sep-04	31-Mar-05
	14,778	–	–	15,000	(5,000)	24,778	6.075000		8-Dec-06	8-Jun-07
	911,500	–	–	(15,000)	(13,000)	883,500	6.075000		8-Dec-06	8-Dec-13
	5,000	–	–	–	–	5,000	6.840000		16-Jun-07	16-Jun-14
	–	–	–	9,000	–	9,000	7.235000		6-Dec-07	6-Jun-08
	–	1,084,000	–	(9,000)	(5,000)	1,070,000	7.235000		6-Dec-07	6-Dec-14
	–	8,000	–	–	–	8,000	7.420000		4-Jan-08	4-Jan-15
	4,700,500	1,092,000	(184,766)	–	(117,000)	5,490,734				

* Vested

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

(v) 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.

(vi) The TSR condition has not been met so far in respect of the options granted in December 1999 or June 2000. As a consequence, these options have not vested yet. The eps condition was met in the year ended 28th September, 2003.

NOTES TO THE BALANCE SHEETS

Continued

31 Called Up Share Capital continued

(vii) Options granted on 14th December, 2001 at £6.45 per share, on 2nd January, 2002 at £6.48 per share and on 21st January, 2002 at £6.45 per share vested after three years when the respective TSR conditions were met, the eps condition having been met in the year ended 3rd October, 2004.

(viii) For the options granted in December, 2002 at £5.73 per share and in January, 2003 at £5.815, the eps condition was met in the year, since real growth in adjusted earnings per share was achieved, compared to the year ended 29th September, 2002. The respective TSR conditions have not yet been met.

DMGT Long Term Incentive Plan

At 2nd October, 2005, 1,006,441 (2004 910,791) 'A' Ordinary Non-Voting shares had been committed by executives to the Company's LTIP, full details of which are set out in the Remuneration Report on page 33.

These committed shares are analysed below:

A' Ordinary Non-Voting shares in award	At 4th October, 2004	Awarded during year	Vested during year	At 2nd October, 2005	Weighted average award price £	Date of award period	End of initial performance
	214,300	–	–	214,300	7.43	1-Jan-01	31-Dec-05
	363,191	–	–	363,191	7.07	1-Jan-02	31-Dec-06
	111,557	–	–	111,557	5.94	1-Jan-03	31-Dec-07
	221,743	–	–	221,743	7.04	1-Jan-04	31-Dec-08
	–	95,650	–	95,650	7.53	1-Jan-05	31-Dec-09
	910,791	95,650	–	1,006,441			

NOTES TO THE BALANCE SHEETS

Continued

32 Reserves

	Note	Group £m	Company £m
Share premium			
At beginning of year		7.3	7.3
Issue of shares		1.0	1.0
At end of year		8.3	8.3
Revaluation reserve			
At beginning of year		72.1	-
Transfer to profit and loss account	i	(1.0)	-
At end of year		71.1	-
Other reserves			
	iii		
At beginning of year		(25.7)	(25.7)
Additions		(14.4)	(28.2)
LTIP (credit)/charge		(1.2)	12.7
At end of year		(41.3)	(41.2)
Profit and loss account			
At beginning of year		306.8	925.2
Retained profit for the year		51.3	46.4
Transfer from revaluation reserve	i	1.0	-
Unrealised loss on disposal of minority interest		(0.9)	-
Goodwill reinstated on unrealised loss on disposal of minority interest	ii	1.4	-
Currency translation differences on foreign currency net investments		10.9	-
Taxation on translation differences		4.0	-
Minority interests		1.4	-
Adjustment to deferred consideration in respect of goodwill previously written off to reserves	ii	(1.3)	-
Goodwill written back on disposal and closure of businesses	35, ii	5.3	-
At end of year		379.9	971.6
Total Reserves – 2005		418.0	938.7
Total Reserves – 2004		360.5	906.8

(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. Following the merger of Capital Radio and GWR to form GCap Media, the Group's interest is now 14.3% of the combined Group and is now accounted for as a long-term investment. This progressive transfer ceased on the date of the merger and the balance of £31.0 million would be recognised as a realised gain in the event of a disposal of the Group's interest in GCap Media.

(ii) At 2nd October, 2005, cumulative goodwill of continuing businesses of £621.2 million (2004 £626.6 million) had been written off against the profit and loss account.

(iii) As required by UITF Abstract 38 the Group's investment in its own shares is now classified within shareholders' funds as an other reserve. At 2nd October, 2005 this investment comprised the cost of 6,280,751 'A' Ordinary Non-Voting shares (2004 4,213,000 shares). The market value of these shares at 2nd October, 2005 was £41.5 million (2004 £30.7 million). The Treasury shares are considered to be a realised loss for the purposes of calculating distributable reserves.

NOTES TO THE BALANCE SHEETS

Continued

33 Summary of the Effects of Acquisitions

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

Findaproperty	November, 2004
Gastech and European Autumn Gas Conference	November, 2004
Lewtan Technologies	December, 2004
Ad:tech	January, 2005
Teletext (10%)	April, 2005
Topconsultant.com	August, 2005
Office Recruit	August, 2005
iMedia Communications	September, 2005

(i) The aggregate consideration for these and other businesses was £119.2 million, of which £80.7 million was paid during the year, £1.9 million issued in the form of loan notes and an estimated amount of £36.6 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 Fair Values in Acquisition Accounting. In each case, the Group has used acquisition accounting to account for the purchase.

	Note	Book value and Fair value £m
Net assets acquired:		
Tangible fixed assets		0.5
Debtors		23.3
Cash		0.5
Creditors and provisions		(12.2)
		12.1
Satisfied by:		
Cash		79.4
Acquisition expenses		1.3
Deferred consideration		36.6
Loan notes		1.9
		119.2
Less: goodwill acquired	19	(107.1)
		12.1

34 Summary of the Effects of Disposals

The principal disposal completed during the year and its date of disposal was:

Hot 91	November, 2004
--------	----------------

The aggregate consideration for this and other businesses, was £8.4 million, all of which was received in the form of cash.

NOTES TO THE BALANCE SHEETS

Continued

34 Summary of the Effects of Disposals continued

The impact of disposals on net assets was:

	Note	£m
Net assets disposed of:		
Intangible assets		7.3
Tangible fixed assets		1.3
Stocks		0.5
Debtors		0.2
Creditors and provisions		(1.0)
		8.3
Goodwill written back	32	5.3
Profit on disposal of businesses	6	(5.2)
		8.4
Satisfied by:		
Cash		8.4

35 Commitments

	Group 2005 £m	Group 2004 £m
Tangible fixed assets:		
Contracted but not provided in the financial statements	55.0	4.6

At 2nd October, 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	Properties £m	2005 Plant and equipment £m	Properties £m	2004 Plant and equipment £m
Operating leases which expire:				
Within one year	–	29.6	2.3	1.1
Between 2-5 years	10.6	7.1	8.4	3.4
Over 5 years	4.7	0.4	19.6	–
	15.3	37.1	30.3	4.5

Most property leases are subject to rent reviews.

The Group entered into arrangements with its ink suppliers to obtain ink for the period to 2010 at competitive prices and to secure supply. At the year end, the commitment to purchase ink over the period was £106.4 million (2004 £126.9 million).

dmg world media (USA) Inc acquired a 25% stake in George Little Management LLC (GLM) in November 2000 and acquired a further 15% in January 2005. The purchase agreement included 'put and call' arrangements to acquire the membership interests of the other members of GLM. Some of these arrangements were re-negotiated in 2005 and the overall terms are now as follows:

(i) With effect from 1st October, 2010, dmg world media (USA) Inc will acquire a further 11% of GLM shares at an agreed multiple of pre tax profits.

(ii) With effect from 1st October, 2014, the Group is required to acquire any remaining membership interests, which it does not own in GLM, at an agreed multiple of pre tax profits.

(iii) The shareholders cumulatively will now be limited in the number of shares that they can put to the Group to a maximum of 20% of the shares in GLM in any one year.

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

NOTES TO THE BALANCE SHEETS

Continued

36 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, £42.0 million (2004 £40.7 million). No provision has been made in these accounts since the Directors do not believe that Euromoney has any material liability in respect of these writs.

At 2nd October, 2005 the Group had outstanding commitments under forward foreign exchange contracts amounting to £725.2 million (2004 £488.5 million).

At 2nd October, 2005 the Company had guaranteed borrowing facilities and finance leases of subsidiaries under which £182.1 million (2004 £85.2 million) were outstanding. The Company had also guaranteed a subsidiary's interest rate derivatives with a principal value of £42.3 million (2004 £16.7 million) and letters of credit of £3.2 million (2004 £5.2 million).

37 Pension Arrangements

The Group operates several pension schemes covering most major U.K. 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, 2004 and the long-term assumptions having the most significant effect on the pension costs reported under SSAP 24 Accounting for Pension Costs, are shown in the following table:

Price Inflation	2.75% p.a.
Salary Increases	4.3% p.a.
Pension Increases	2.75% p.a.
Investment Return	7.0% p.a.
Dividend Growth	3.75% p.a.

The surpluses or deficits identified from the valuation of the principal schemes are amortised over a period of eleven years using the straight line method.

Following the triennial valuation of the principal schemes as at 31st March, 2004, the company cash contribution rate was increased to 18% of pensionable salaries (2004 – 15%). With effect from 1st April, 2005 the Group introduced a new benefits structure for the principal schemes to include a new "Standard" section and a "Pension +" section. In the "Standard" section, employees pay contributions of 5% of pensionable salaries but accrue future benefits at a lower rate than before. Under the "Pension +" section, employees currently pay contributions of 6% rising progressively to 7.5% by 1st July, 2007 and retain existing benefit accrual rates (2004 – all employees paid 5%). The schemes remain open to eligible new employees who, after one year's service, can join the "Standard" section with an option to join the "Pension +" section after a further four years' service.

The pension charge for the year ended 2nd October, 2005 was £39.9 million (2004 £34.7 million).

The components of the total pension charge were as follows:

	2005 £m	2004 £m
Regular cost	38.7	38.8
Variation regular cost	1.2	(4.1)
Total pension charge	39.9	34.7

A prepayment of £62.6 million (2004 £53.1 million) is included under debtors, representing the excess of accumulated contributions paid over the equivalent pension charge. This includes an advance payment into the Group's pension schemes amounting to £32.3 million in respect of the 2006 contributions (2005 £26.9 million). A provision of £0.4 million (2004 £1.1 million) is included in provisions, representing the excess of the accumulated pension charge over pension contributions paid.

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

NOTES TO THE BALANCE SHEETS

Continued

37 Pension Arrangements continued

FRS 17

In accordance with the requirements of FRS 17 Retirement Benefits, this note sets out 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 accounts under FRS 17, together with an analysis of the movement in scheme surpluses or deficits which would result. As permitted by FRS 17, the costs, accruals and prepayments recorded in the Accounts continue to be reported under the requirements of SSAP24 '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, 2004 and updated to 2nd October, 2005 by the actuary.

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

	2005	2004	2003
Price inflation	2.75%	2.75%	2.5%
Salary increases	4.3%	4.3%	4.3%
Pension increases	2.75%	2.75%	2.5%
Discount rate for scheme liabilities	5.0%	5.5%	5.4%

The assumptions made for life expectancy in retirement have been selected, based on a detailed analysis of data for scheme members. In addition, an allowance is made for improvements in mortality rates in future, and further analysis of the schemes' membership will be carried out from time to time to monitor actual changes against that allowance.

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 2nd October, 2005	Value at 2nd October, 2005 £m	Long-term rate of return expected at 3rd October, 2004	Value at 3rd October, 2004 £m	Long-term rate of return expected at 28th September, 2003	Value at 28th September, 2003 £m
Equities	7.8%	1,105.7	8.0%	879.5	8.0%	782.8
Bonds	4.3%	151.6	4.9%	151.2	4.7%	136.2
Property	6.5%	119.0	7.0%	101.8	7.0%	92.2
Other Assets	4.3%	69.2	4.9%	64.8	4.7%	78.3
Total market value of assets		1,445.5		1,197.3		1,089.5
Present value of schemes' liabilities		(1,654.1)		(1,423.1)		(1,347.7)
Deficit in the schemes		(208.6)		(225.8)		(258.2)
Related deferred tax asset		62.6		67.7		77.5
Net pension liability		(146.0)		(158.1)		(180.7)

The asset weightings indicated in the table above are monitored by the schemes' trustees and should be viewed against a background where the schemes remain open to new, eligible, employees and continue to generate a net positive cash flow.

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

	2005 £m	2004 £m
Current service cost	48.6	46.2
Past salary increases	0.6	-
Total operating charge	49.2	46.2

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

	2005 £m	2004 £m
Expected return on pension scheme assets	88.2	78.9
Interest on pension scheme liabilities	(78.3)	(72.8)
Net return	9.9	6.1

NOTES TO THE BALANCE SHEETS

Continued

37 Pension Arrangements continued

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:

	2005 £m	2004 £m	2003 £m	2002 £m
Actual return less expected return on pension scheme assets	157.4	40.8	49.0	(193.3)
Percentage of scheme assets	10.9%	3.4%	4.5%	(19.7%)
Experience gains and (losses) arising on the scheme liabilities	(12.9)	20.2	(11.0)	32.3
Percentage of the present value of the scheme liabilities	(0.8%)	1.4%	(0.8%)	2.7%
Changes in assumptions underlying the present value of the scheme liabilities	(126.9)	(21.5)	(63.5)	(82.7)
Actuarial gain/(loss) recognisable in STRGL	17.6	39.5	(25.5)	(244.3)
Percentage of the present value of the scheme liabilities	1.1%	2.8%	(1.9%)	(20.3%)

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

	2005 £m	2004 £m
Deficit in scheme at beginning of year	(225.8)	(258.2)
Movement in year:		
Current service cost	(48.6)	(46.2)
Past service cost	(0.6)	-
Contributions	38.9	33.0
Other finance income	9.9	6.1
Actuarial gain	17.6	39.5
Deficit in schemes at end of year	(208.6)	(225.8)

If the above amounts had been recognised in the accounts, the effect on shareholders' funds would have been as shown below:

	2005 £m	2004 £m
Shareholders' funds excluding pension liability	468.2	410.7
Pension reserve	(146.0)	(158.1)
Shareholders' funds including pension liability	322.2	252.6

U.K. 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 £4.7 million (2004 £4.1 million).

An amount of £0.5 million (2004 £0.5 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 £3.1 million (2004 £3.3 million).

Pension Arrangements for Executives

The Group operates a two-tier, defined benefit pension scheme for senior executives (including executive Directors), details of which are incorporated in the above disclosures. On 1st April, 2005, this became a contributory scheme. It is the Group's policy that annual bonuses, payments under the Executive Bonus Scheme and benefits in kind are not pensionable.

Included in U.K. Defined Contribution Plans above are investments in a funded unapproved retirement benefit scheme for certain executives of the Group including two executive Directors 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 £1.1 million (2004 £0.4 million). The Group will terminate its investment in this scheme with effect from 5th April, 2006, to coincide with the tax changes being introduced after that date.

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.

NOTES TO THE BALANCE SHEETS

Continued

38 Ultimate Holding Company

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

39 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

There were no 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 had a 50% joint venture interest in Zoom which was sold during the year. No funding was made during the year and the amount due from Zoom at 2nd October, 2005 was £Nil (2004 £3.5 million) which is included in investments in joint ventures (Note 22).

Associated Newspapers has a 38% investment in Indigo Holidays Limited which is an associate. During the year, the Group received advertising revenue from Indigo Holidays of £1.1 million (2004 £1.8 million). The amount due from Indigo Holidays at 2nd October, 2005 was £6.1 million (2004 £4.3 million).

During the year, Northcliffe Newspapers Group Limited provided equity funding of £2.0 million (2004 £1.5 million) to Fish4 Limited, a 26% associate. Full provision has been made against this funding in these Accounts. During the year, George Little Management LLP ('GLM'), a 40% associate of dmg world media inc, charged US\$7.8 million (£4.2 million) (2004 \$5.5 million or £3.1 million) to operations for consulting fees to dmg world media.

During the year, GLM recorded US\$1.8 million (£1.0 million) and US\$1.8 million (£1.0 million), of management revenue related to the California Gift Shows which is owned by dmg world media (USA) inc.

GLM also recorded approximately US\$0.4 million (£0.2 million) (2004 \$0.3 million or £0.2 million) of management fee revenue related to shows owned by dmg world media (USA) inc.

During the year, dmg world media (USA) inc received distributions from GLM in the amount of \$1,000,000 (£0.5 million) (2004 £Nil).

Details of the Group's principal joint ventures and associates are set out in Note 22.

39 Related Party Transactions continued

All transactions with joint ventures and associates arose in the normal course of business. Material transactions are set out as follows:

The Group has contracts with Greenland Interactive Limited, a joint venture which was sold during the year. Greenland administers premium-rate telephone lines and a customer care line. During the year, the Group received £0.3 million (2004 £0.7 million) from Greenland in respect of premium rate telephone revenue. No amounts were outstanding at the beginning or at the end of the year.

Other Related Party disclosures

At 2nd October, 2005, there was a loan of £179,233 (2004 £188,066) made to Mr K. J. Beatty, before his appointment as a Director, to assist with relocation after joining the Group. The loan bears interest at 2½% per annum. The maximum amount outstanding during the year was £188,066. At 2nd October, 2005, there was a further loan of £96,107 (2004 £96,107), bearing interest at 5% per annum, made before his appointment as a Director, to enable Mr Beatty to purchase 'A' Ordinary Non-Voting shares in the Company for commitment to the LTIP. The maximum amount outstanding during the year was £96,107.

At 2nd October, 2005, the Group owed £2.9 million (2004 £2.9 million) to the pension schemes which it operates. This amount comprised employees' and employer's contributions in respect of September 2005 payrolls which were paid to the pension schemes in October 2005.

The Group recharges its principal pension schemes with costs of investment management fees. The total amount recharged during the year was £0.7 million (2004 £0.6 million).

40 Post Balance Sheet Events

There are no material post balance sheet events.