

Company Registration No. 01387774 (England and Wales)

CONEGATE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2000



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CONEGATE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2000

The director presents his report and financial statements for the year ended 30 September 2000.

Principal activities and review of the business

The principal activities of the company are those of dealers and publishers of magazines, promoters of ancillary products and management consultants. The company is also an investor and dealer in properties and securities.

The company's subsidiary undertakings are listed in Note 12 to the accounts. None of these companies traded during the year.

The results for the year and the financial position at the year end were considered satisfactory by the director who expects continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

Director

The following director has held office since 1 October 1999:

C. Sullivan

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	ordinary shares of £ 1 each	
	30 September 2000	1 October 1999
C. Sullivan	-	-

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that F. Winter & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

CONEGATE LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

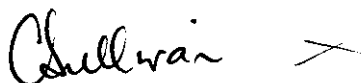
Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mrs C. Sullivan
Secretary
12 July 2001

CONEGATE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF CONEGATE LIMITED

We have audited the financial statements on pages 4 to 19 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 9.

Respective responsibilities of the director and auditors

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

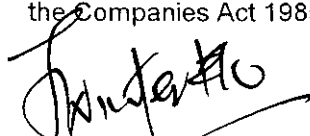
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



F. Winter & Co.

Chartered Accountants
Registered Auditor

12 July 2001

Ramillies House
2 Ramillies Street
London
W1F 7LN

CONEGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	6,897,162	11,147,826
Cost of sales		(1,312,530)	(3,077,272)
Gross profit		5,584,632	8,070,554
Administrative expenses		(1,502,227)	(2,371,536)
Other operating income	3	2,303,505	55,129
Operating profit	4	6,385,910	5,754,147
(Loss)/ Profit on disposal of fixed assets	5	(183,394)	1,698,410
Income from other fixed asset investments	6	45,425	103,570
Other interest receivable and similar income	7	698,220	546,317
Interest payable and similar charges	8	(160,507)	(209,095)
Profit on ordinary activities before taxation		6,785,654	7,893,349
Tax on profit on ordinary activities	9	(1,887,443)	(2,252,785)
Profit on ordinary activities after taxation	21	4,898,211	5,640,564

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CONEGATE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2000

	2000 £	1999 £
Profit for the financial year	4,898,211	5,640,564
Unrealised surplus on revaluation of properties	2,375,018	4,179,490
Total recognised gains and losses relating to the year	<u>7,273,229</u>	<u>9,820,054</u>

Note of historical cost profits and losses

	2000 £	1999 £
Reported profit on ordinary activities before taxation	6,785,654	7,893,349
Realisation of property revaluation gains of previous years	(80,591)	-
Historical cost profit on ordinary activities before taxation	<u>6,705,063</u>	<u>7,893,349</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>4,817,620</u>	<u>5,640,564</u>

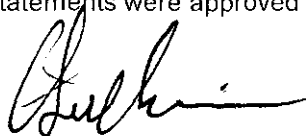
CONEGATE LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	10 and 11	42,252,438		42,886,335	
Investments	12	3,050,876		6,846,902	
		<u>45,303,314</u>		<u>49,733,237</u>	
Current assets					
Stocks	13	1,787,598		2,412,914	
Debtors	14	1,401,282		2,167,694	
Investments	15	7,848,813		-	
Cash at bank and in hand		16,272,996		15,974,351	
		<u>27,310,689</u>		<u>20,554,959</u>	
Creditors: amounts falling due within one year	16	(25,694,229)		(30,438,961)	
Net current assets/(liabilities)		<u>1,616,460</u>		<u>(9,884,002)</u>	
Total assets less current liabilities		<u>46,919,774</u>		<u>39,849,235</u>	
Creditors: amounts falling due after more than one year	17	(1,950,000)		(2,175,000)	
Provisions for liabilities and charges	18	(164,872)		(142,562)	
		<u>44,804,902</u>		<u>37,531,673</u>	
Capital and reserves					
Called up share capital	20	100		100	
Revaluation reserve	21	6,473,917		4,179,490	
Profit and loss account	21	38,330,885		33,352,083	
Shareholders' funds - equity interests	22	<u>44,804,902</u>		<u>37,531,673</u>	

The financial statements were approved by the Board on 12 July 2001

C. Sullivan
Director



CONEGATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	2000 £	1999 £
Net cash inflow from operating activities	3,518,664	16,930,371
Returns on investments and servicing of finance		
Interest received	698,220	546,317
Interest paid	(160,507)	(209,095)
Dividends received	45,425	103,570
Net cash inflow for returns on investments and servicing of finance	583,138	440,792
Taxation	(2,269,000)	(1,832,580)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(2,540,764)	(8,839,120)
Payments to acquire investments	(2,700,000)	(48,621,238)
Receipts from sales of tangible assets	5,723,145	5,567,182
Receipts from sales of investments	6,057,275	47,771,915
Net cash inflow/(outflow) for capital expenditure	6,539,656	(4,121,261)
Net cash inflow before management of liquid resources and financing	8,372,458	11,417,322
Management of liquid resources		
Current asset investments	(7,848,813)	-
Financing		
Repayment of long term bank loan	(225,000)	(628,125)
Net cash outflow from financing	(225,000)	(628,125)
Increase in cash in the year	298,645	10,789,197

CONEGATE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2000

1	Reconciliation of operating profit to net cash inflow from operating activities	2000	1999
		£	£
	Operating profit	6,385,910	5,754,147
	Depreciation of tangible assets	83,433	77,201
	Profit on disposal of tangible assets	(1,542)	(329)
	Decrease in stocks	625,316	2,364,229
	Decrease in debtors	822,064	378,519
	(Decrease)/Increase in creditors within one year	(4,396,517)	8,356,604
	Net cash inflow from operating activities	3,518,664	16,930,371

2	Analysis of net funds	1 October 1999	Cash flow	Other non-cash changes	30 September 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	15,974,351	298,645	-	16,272,996
	Liquid resources:				
	Short-term investments	-	7,848,813	-	7,848,813
	Debt:				
	Debts falling due within one year	(300,000)	-	-	(300,000)
	Debts falling due after one year	(2,175,000)	225,000	-	(1,950,000)
		(2,475,000)	225,000	-	(2,250,000)
	Net funds	13,499,351	8,372,458	-	21,871,809

3	Reconciliation of net cash flow to movement in net funds	2000	1999
		£	£
	Increase in cash in the year	298,645	10,789,197
	Cash outflow from increase in liquid resources	7,848,813	-
	Cash outflow from decrease in debt	225,000	628,125
	Movement in net funds in the year	8,372,458	11,417,322
	Opening net funds	13,499,351	2,082,029
	Closing net funds	21,871,809	13,499,351

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Turnover

Turnover represents income from property investments and amounts receivable for goods sold and services provided net of value added tax

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold buildings	Over the Life of the Lease
Fixtures, fittings & equipment	10% per annum on a straight line basis
Motor vehicles	20% per annum on a straight line basis

In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or deficit where material, is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP19. The Director considers that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.4 Leasing

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

1.5 Investments

Investments are stated at cost less provision for any permanent diminution in value. The market value of listed investments is based on the closing middle market price on a recognised stock exchange.

Current asset investments are stated at the cost less provision for any permanent diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

1 Accounting policies (continued)

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Roldvale Limited, a company incorporated in the United Kingdom and is included in the consolidated accounts of that company.

1.10 Leasing Income

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The total turnover of the company for the year has been derived from its principle activities wholly undertaken in the United Kingdom.

In the opinion of the Director, given the integrated nature of the company's services, it would be both prejudicial and misleading to provide an analysis of turnover and profit by classes of business.

3 Other operating income	2000 £	1999 £
Profit on disposal of current asset investments	2,102,637	-
Dividends received from listed investments	139,280	-
Lease rentals receivable	61,588	55,129
	<u>2,303,505</u>	<u>55,129</u>

4 Operating profit	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation of tangible assets	83,433	77,201
Operating lease rentals	43,558	43,838
Auditors' remuneration	21,000	20,800
	<u></u>	<u></u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

5	Profit on disposal of fixed assets	2000	1999
		£	£
	(Loss)/ profit on sale on listed investments	(438,751)	1,430,324
	Profit on sale of investment properties	255,357	268,086
		<u>(183,394)</u>	<u>1,698,410</u>
6	Income from other fixed asset investments	2000	1999
		£	£
	Dividends received from listed investments	<u>45,425</u>	<u>103,570</u>
7	Other interest receivable and similar income	2000	1999
		£	£
	Deposit interest	672,898	534,710
	Other interest	25,322	11,607
		<u>698,220</u>	<u>546,317</u>
8	Interest payable	2000	1999
		£	£
	On loans repayable after 5 years	<u>160,507</u>	<u>209,095</u>
9	Taxation	2000	1999
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 30% (1999 - 31%)	1,864,000	2,212,215
	Deferred taxation	22,310	34,890
		<u>1,886,310</u>	<u>2,247,105</u>
	Prior years		
	U.K. corporation tax	1,133	5,680
		<u>1,887,443</u>	<u>2,252,785</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

10 Tangible fixed assets

	Short leasehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 1999	25,278	16,119	378,119	419,516
Additions	-	25,429	54,756	80,185
Disposals	-	-	(36,300)	(36,300)
At 30 September 2000	25,278	41,548	396,575	463,401
Depreciation				
At 1 October 1999	25,278	7,648	159,526	192,452
On disposals	-	-	(14,520)	(14,520)
Charge for the year	-	4,119	79,314	83,433
At 30 September 2000	25,278	11,767	224,320	261,365
Net book value				
At 30 September 2000	-	29,781	172,255	202,036
At 30 September 1999	-	8,471	218,593	227,064

Included above, the net book value of other tangible fixed assets held for rental income under operating leases amounted to:-

<u>Motor vehicles</u>	2000 £	1999 £
Cost	240,652	222,196
Less:- Depreciation	(111,210)	(77,599)
Net book value	129,442	144,597

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

11 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 October 1999	42,659,271
Additions	2,460,579
Revaluation	2,375,018
Disposals	(5,444,466)
At 30 September 2000	42,050,402

The valuations of investment properties were made as at 30th September 2000 by the Director on an open market basis. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £35,576,485 (1999 - £38,479,781).

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

12 Fixed asset investments

	Listed investments	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£	£
Cost or valuation				
At 1 October 1999	6,846,702	-	200	6,846,902
Additions	-	2,700,000	-	2,700,000
Disposals	(6,496,026)	-	-	(6,496,026)
	<u>350,676</u>	<u>2,700,000</u>	<u>200</u>	<u>3,050,876</u>
At 30 September 2000				
	<u>350,676</u>	<u>2,700,000</u>	<u>200</u>	<u>3,050,876</u>
	Market value	Director's valuation		Total
	£	£		£
At 30 September 2000	<u>164,000</u>	<u>2,942,460</u>		<u>3,106,460</u>
At 30 September 1999	<u>6,128,144</u>	<u>-</u>		<u>6,128,144</u>

Should the investments be sold at their valuation, a tax charge not exceeding £90,000 (1999 - £-) would arise.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Centrewall Limited	England & Wales	Ordinary	100
Shape-Up Shops Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Centrewall Limited	(16,663)	-
Shape-Up Shops Limited	(26,147)	-

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

13 Stocks	2000	1999
	£	£
Properties held for resale	1,734,149	2,339,875
Goods for resale	53,449	73,039
	<u>1,787,598</u>	<u>2,412,914</u>
 14 Debtors	 2000	 1999
	£	£
Trade debtors	1,288,181	2,123,924
Amounts owed by subsidiary undertakings	23,031	23,031
Corporation tax	55,652	-
Other debtors	25,280	11,051
Prepayments and accrued income	9,138	9,688
	<u>1,401,282</u>	<u>2,167,694</u>
 15 Current asset investments	 2000	 1999
	£	£
Listed investments	7,848,813	-
	<u>7,837,248</u>	<u>-</u>
Market valuation of listed investments	7,837,248	-
	<u>7,837,248</u>	<u>-</u>
 16 Creditors: amounts falling due within one year	 2000	 1999
	£	£
Bank loans and overdrafts	300,000	300,000
Trade creditors	492,722	6,336,282
Amounts owed to parent and fellow subsidiary undertakings	23,437,334	21,715,338
Corporation tax	1,264,000	1,612,215
Other taxes and social security costs	99,890	398,889
Other creditors	31,693	32,837
Accruals and deferred income	68,590	43,400
	<u>25,694,229</u>	<u>30,438,961</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

17 Creditors: amounts falling due after more than one year	2000 £	1999 £
Bank loans	1,950,000	2,175,000
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank loans	2,250,000	2,475,000
	2,250,000	2,475,000
Included in current liabilities	(300,000)	(300,000)
	1,950,000	2,175,000
Loan maturity analysis		
Between one and two years	300,000	300,000
Between two and five years	900,000	900,000
In five years or more	750,000	975,000

The bank loans are secured by a fixed charge over the company's freehold properties.

The above bank loans are repayable by instalments which will be fully repaid by 2008. Interest on bank loans will continue to be charged at a rate of 1% above the bank's base rate.

18 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 October 1999	142,562
Profit and loss account	22,310
Balance at 30 September 2000	164,872

Deferred taxation provided in the financial statements is as follows:

	Fully provided 2000 £	1999 £
Accelerated capital allowances	164,872	142,562

The revaluation of properties does not constitute a timing difference and the potential amount of deferred tax on this has therefore not been quantified.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2000**

19 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,000 (1999 - £2,000).

20 Share capital	2000	1999
	£	£
Authorised		
100 ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100 ordinary shares of £ 1 each	100	100
	<u> </u>	<u> </u>

21 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 October 1999	4,179,490	33,352,083
Retained profit for the year	-	4,898,211
Transfer from revaluation reserve to profit and loss account	(80,591)	80,591
Revaluation during the year	2,375,018	-
	<u> </u>	<u> </u>
Balance at 30 September 2000	6,473,917	38,330,885
	<u> </u>	<u> </u>

22 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the financial year	4,898,211	5,640,564
Other recognised gains and losses	2,375,018	4,179,490
	<u> </u>	<u> </u>
Net addition to shareholders' funds	7,273,229	9,820,054
Opening shareholders' funds	37,531,673	27,711,619
	<u> </u>	<u> </u>
Closing shareholders' funds	44,804,902	37,531,673
	<u> </u>	<u> </u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

23 Financial commitments

At 30 September 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
Within one year	5,250	5,250
Between two and five years	34,300	15,800
In over five years	6,500	25,000
	<u>46,050</u>	<u>46,050</u>

24 Director's emoluments

	2000	1999
	£	£
Emoluments for qualifying services	133,800	131,400
Company pension contributions to money purchase schemes	2,000	2,000
	<u>135,800</u>	<u>133,400</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1999 - 1).

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

25 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Office and management	5	5
Sales and distribution	5	4
	<u>10</u>	<u>9</u>

Employment costs

	£	£
Wages and salaries	297,493	271,424
Social security costs	33,275	28,746
Other pension costs	2,000	2,000
	<u>332,768</u>	<u>302,170</u>

26 Control

The Company is under the control of Roldvale Limited and the ultimate control of Mr.D. Sullivan who owns the entire shareholding of Roldvale Limited.

27 Related party transactions

The material related party transactions during the year ended 30th September,2000 were:-

- Service charges of £860,000 (1999:£1,800,000) were charged by Roldvale Limited.
- VAT amounting to £877,954 (1999:£666,801) was paid on behalf of the company by Roldvale Limited.
- Management fee of £2,000,000 (1999:£4,258,333) was received from Sport Newspapers Limited,a company in which Mr. D. Sullivan has an interest.

The balance due to the group undertakings at 30th September, 2000 was £23,414,303 (1999:£21,692,307) and the balance due from Sport Newspapers Limited at 30th September, 2000 was £166,667 (1999- £166,667).