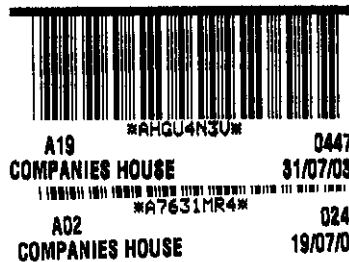


**CONEGATE LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2002**



# CONEGATE LIMITED

## DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

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The director presents his report and financial statements for the year ended 30 September 2002.

### 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.

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 2001:

C. Sullivan

### Director's interests

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

|             | Ordinary shares of £ 1 each |                |
|-------------|-----------------------------|----------------|
|             | 30 September 2002           | 1 October 2001 |
| 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.

### Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

### 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 2002

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### 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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  
16 July 2003

# CONEGATE LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONEGATE LIMITED

We have audited the financial statements of Conegate Limited on pages 4 to 23 for the year ended 30 September 2002. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

### Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 2002 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

16 July 2003

Ramillies House  
2 Ramillies Street  
London  
W1F 7LN

# CONEGATE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2002

|                                                      | Notes | 2002<br>£        | 2001<br>£         |
|------------------------------------------------------|-------|------------------|-------------------|
| Turnover                                             | 2     | 9,136,157        | 11,627,988        |
| Cost of sales                                        |       | (14,058)         | (60,744)          |
| <b>Gross profit</b>                                  |       | <b>9,122,099</b> | <b>11,567,244</b> |
| Administrative expenses                              |       | (6,461,333)      | (7,763,341)       |
| Other operating income                               | 3     | 2,947,948        | 484,404           |
| <b>Operating profit</b>                              | 4     | <b>5,608,714</b> | <b>4,288,307</b>  |
| (Loss)/ Profit on disposal of fixed assets           | 5     | 124,452          | (197,513)         |
| Income from other fixed asset investments            | 6     | -                | 15,000            |
| Other interest receivable and similar income         | 7     | 814,268          | 1,086,637         |
| Interest payable and similar charges                 | 8     | (130,446)        | (158,412)         |
| <b>Profit on ordinary activities before taxation</b> |       | <b>6,416,988</b> | <b>5,034,019</b>  |
| Tax on profit on ordinary activities                 | 9     | (1,869,001)      | (1,631,309)       |
| <b>Profit on ordinary activities after taxation</b>  | 21    | <b>4,547,987</b> | <b>3,402,710</b>  |

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 2002**

---

|                                                               | <b>2002</b>      | <b>2001</b>      |
|---------------------------------------------------------------|------------------|------------------|
|                                                               | <b>£</b>         | <b>£</b>         |
| Profit for the financial year                                 | 4,547,987        | 3,402,710        |
| Unrealised (deficit)/surplus on revaluation of properties     | 117,708          | 873,900          |
| <b>Total recognised gains and losses relating to the year</b> | <b>4,665,695</b> | <b>4,276,610</b> |

---

### **Note of historical cost profits and losses**

|                                                                                                       | <b>2002</b>      | <b>2001</b>      |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                       | <b>£</b>         | <b>£</b>         |
| Reported profit on ordinary activities before taxation                                                | 6,416,988        | 5,034,019        |
| Realisation of property revaluation gains of previous years                                           | 602,335          | 69,610           |
| <b>Historical cost profit on ordinary activities before taxation</b>                                  | <b>7,019,323</b> | <b>5,103,629</b> |
| <b>Historical cost profit for the year retained after taxation, extraordinary items and dividends</b> | <b>5,150,322</b> | <b>3,472,320</b> |

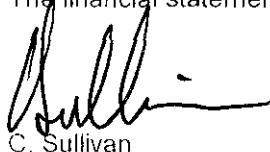
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# CONEGATE LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2002

|                                                                | Notes     | 2002              |                    | 2001              |   |
|----------------------------------------------------------------|-----------|-------------------|--------------------|-------------------|---|
|                                                                |           | £                 | £                  | £                 | £ |
| <b>Fixed assets</b>                                            |           |                   |                    |                   |   |
| Tangible assets                                                | 10 and 11 | 52,789,671        |                    | 49,966,060        |   |
| Investments                                                    | 12        | 2,710,600         |                    | 2,700,200         |   |
|                                                                |           | <u>55,500,271</u> |                    | <u>52,666,260</u> |   |
| <b>Current assets</b>                                          |           |                   |                    |                   |   |
| Stocks                                                         | 13        | 1,798,450         | 1,802,791          |                   |   |
| Debtors                                                        | 14        | 12,072,590        | 1,045,269          |                   |   |
| Investments                                                    | 15        | 6,846,118         | 5,687,296          |                   |   |
| Cash at bank and in hand                                       |           | 19,384,940        | 23,191,267         |                   |   |
|                                                                |           | <u>40,102,098</u> | <u>31,726,623</u>  |                   |   |
| <b>Creditors: amounts falling due within one year</b>          | 16        | (40,430,277)      | (33,536,163)       |                   |   |
| <b>Net current liabilities</b>                                 |           | <u>(328,179)</u>  | <u>(1,809,540)</u> |                   |   |
| <b>Total assets less current liabilities</b>                   |           | <u>55,172,092</u> | <u>50,856,720</u>  |                   |   |
| <b>Creditors: amounts falling due after more than one year</b> | 17        | (1,275,000)       | (1,650,000)        |                   |   |
| <b>Provisions for liabilities and charges</b>                  | 18        | (149,882)         | (125,208)          |                   |   |
|                                                                |           | <u>53,747,210</u> | <u>49,081,512</u>  |                   |   |
| <b>Capital and reserves</b>                                    |           |                   |                    |                   |   |
| Called up share capital                                        | 20        | 100               | 100                |                   |   |
| Revaluation reserve                                            | 21        | 6,793,580         | 7,278,207          |                   |   |
| Profit and loss account                                        | 21        | 46,953,530        | 41,803,205         |                   |   |
| <b>Shareholders' funds - equity interests</b>                  | 22        | <u>53,747,210</u> | <u>49,081,512</u>  |                   |   |

The financial statements were approved by the Board on 16 July 2003



C. Sullivan  
Director

# CONEGATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2002

|                                                                               | 2002<br>£                 | 2001<br>£               |
|-------------------------------------------------------------------------------|---------------------------|-------------------------|
| Net cash inflow from operating activities                                     | 1,568,560                 | 12,845,426              |
| <b>Returns on investments and servicing of finance</b>                        |                           |                         |
| Interest received                                                             | 814,268                   | 1,086,637               |
| Interest paid                                                                 | (130,446)                 | (158,412)               |
| Dividends received                                                            | -                         | 15,000                  |
|                                                                               | <u>          </u>         | <u>          </u>       |
| Net cash inflow for returns on investments and servicing of finance           | 683,822                   | 943,225                 |
| Taxation                                                                      | (1,872,517)               | (1,947,011)             |
| <b>Capital expenditure and financial investment</b>                           |                           |                         |
| Payments to acquire tangible assets                                           | (4,505,004)               | (7,052,127)             |
| Receipts from sales of tangible assets                                        | 1,837,807                 | 95,214                  |
| Receipts from sales of investments                                            | -                         | 172,025                 |
|                                                                               | <u>          </u>         | <u>          </u>       |
| Net cash outflow for capital expenditure                                      | (2,667,197)               | (6,784,888)             |
| <b>Acquisitions and disposals</b>                                             |                           |                         |
| Purchase of subsidiary undertakings (net of cash acquired)                    | (10,400)                  | -                       |
|                                                                               | <u>          </u>         | <u>          </u>       |
| Net cash outflow for acquisitions and disposals                               | (10,400)                  | -                       |
|                                                                               | <u>          </u>         | <u>          </u>       |
| Net cash (outflow)/inflow before management of liquid resources and financing | (2,297,732)               | 5,056,752               |
| <b>Management of liquid resources</b>                                         |                           |                         |
| Current asset investments                                                     | (1,158,822)               | 2,161,517               |
| <b>Financing</b>                                                              |                           |                         |
| Repayment of long term bank loan                                              | (375,000)                 | (300,000)               |
|                                                                               | <u>          </u>         | <u>          </u>       |
| Net cash outflow from financing                                               | (375,000)                 | (300,000)               |
|                                                                               | <u>          </u>         | <u>          </u>       |
| (Decrease)/increase in cash in the year                                       | <u><u>(3,831,554)</u></u> | <u><u>6,918,269</u></u> |

# CONEGATE LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2002

| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2002             | 2001              |
|---|---------------------------------------------------------------------------------|------------------|-------------------|
|   |                                                                                 | £                | £                 |
|   | Operating profit                                                                | 5,608,714        | 4,288,307         |
|   | Depreciation of tangible assets                                                 | 95,384           | 83,314            |
|   | (Profit)/loss on disposal of tangible assets                                    | (9,635)          | 15,013            |
|   | Decrease/(increase) in stocks                                                   | 4,341            | (15,193)          |
|   | (Increase)/decrease in debtors                                                  | (11,027,321)     | 300,361           |
|   | Increase in creditors within one year                                           | 6,897,077        | 8,173,624         |
|   | <b>Net cash inflow from operating activities</b>                                | <b>1,568,560</b> | <b>12,845,426</b> |

| 2 | Analysis of net funds             | 1 October 2001           | Cash flow                 | Other non-cash changes | 30 September 2002        |
|---|-----------------------------------|--------------------------|---------------------------|------------------------|--------------------------|
|   |                                   | £                        | £                         | £                      | £                        |
|   | Net cash:                         |                          |                           |                        |                          |
|   | Cash at bank and in hand          | 23,191,267               | (3,806,327)               | -                      | 19,384,940               |
|   | Bank overdrafts                   | -                        | (25,227)                  | -                      | (25,227)                 |
|   |                                   | <u>23,191,267</u>        | <u>(3,831,554)</u>        | <u>-</u>               | <u>19,359,713</u>        |
|   | Liquid resources:                 |                          |                           |                        |                          |
|   | Current asset investments         | <u>5,687,296</u>         | <u>1,158,822</u>          | <u>-</u>               | <u>6,846,118</u>         |
|   | Debt:                             |                          |                           |                        |                          |
|   | Debts falling due within one year | (300,000)                | -                         | -                      | (300,000)                |
|   | Debts falling due after one year  | <u>(1,650,000)</u>       | <u>375,000</u>            | <u>-</u>               | <u>(1,275,000)</u>       |
|   |                                   | <u>(1,950,000)</u>       | <u>375,000</u>            | <u>-</u>               | <u>(1,575,000)</u>       |
|   | <b>Net funds</b>                  | <b><u>26,928,563</u></b> | <b><u>(2,297,732)</u></b> | <b><u>-</u></b>        | <b><u>24,630,831</u></b> |

# CONEGATE LIMITED

## NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

---

| 3 | Reconciliation of net cash flow to movement in net funds           | 2002<br>£          | 2001<br>£         |
|---|--------------------------------------------------------------------|--------------------|-------------------|
|   | (Decrease)/increase in cash in the year                            | (3,831,554)        | 6,918,271         |
|   | Cash (outflow)/inflow from (increase)/decrease in liquid resources | 1,158,822          | (2,161,517)       |
|   | Cash outflow from decrease in debt                                 | 375,000            | 300,000           |
|   |                                                                    | <hr/>              | <hr/>             |
|   | <b>Movement in net funds in the year</b>                           | <b>(2,297,732)</b> | <b>5,056,754</b>  |
|   | Opening net funds                                                  | 26,928,563         | 21,871,809        |
|   |                                                                    | <hr/>              | <hr/>             |
|   | <b>Closing net funds</b>                                           | <b>24,630,831</b>  | <b>26,928,563</b> |
|   |                                                                    | <hr/>              | <hr/>             |

# **CONEGATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002**

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### **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 |

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

In accordance with SSAP 19, 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.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged 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.

Current asset investments are stated at the 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.

#### **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 FRS 17.

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

### 1 Accounting policies (continued)

#### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 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. Copies of the consolidated accounts are available from Ramillies House, 2 Ramillies Street, London, W1F 7LN.

#### 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 principal activity 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                        | 2002<br>£        | 2001<br>£      |
|-------------------------------------------------|------------------|----------------|
| Profit on disposal of current asset investments | 115,445          | 217,406        |
| Dividends received from listed investments      | 275,567          | 195,897        |
| Lease rentals receivable                        | 96,936           | 71,101         |
| Service charges receivable                      | 2,460,000        | -              |
|                                                 | <u>2,947,948</u> | <u>484,404</u> |
| 4 Operating profit                              | 2002<br>£        | 2001<br>£      |
| Operating profit is stated after charging:      |                  |                |
| Depreciation of tangible assets                 | 95,384           | 83,314         |
| Operating lease rentals                         | 61,205           | 44,509         |
| Auditors' remuneration                          | 23,000           | 21,000         |
|                                                 | <u></u>          | <u></u>        |

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

|          |                                                     |                |                  |
|----------|-----------------------------------------------------|----------------|------------------|
| <b>5</b> | <b>Profit on disposal of fixed assets</b>           | <b>2002</b>    | <b>2001</b>      |
|          |                                                     | £              | £                |
|          | (Loss)/ profit on sale of listed investments        | -              | (178,650)        |
|          | (Loss)/ profit on sale of investment properties     | 124,452        | (18,863)         |
|          |                                                     | <u>124,452</u> | <u>(197,513)</u> |
| <b>6</b> | <b>Income from other fixed asset investments</b>    | <b>2002</b>    | <b>2001</b>      |
|          |                                                     | £              | £                |
|          | Dividends received from listed investments          | -              | 15,000           |
| <b>7</b> | <b>Other interest receivable and similar income</b> | <b>2002</b>    | <b>2001</b>      |
|          |                                                     | £              | £                |
|          | Deposit interest                                    | 740,259        | 1,032,178        |
|          | Other interest                                      | 74,009         | 54,459           |
|          |                                                     | <u>814,268</u> | <u>1,086,637</u> |
| <b>8</b> | <b>Interest payable</b>                             | <b>2002</b>    | <b>2001</b>      |
|          |                                                     | £              | £                |
|          | On bank loans and overdrafts                        | <u>130,446</u> | <u>158,412</u>   |

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

| 9 | Taxation                                                                                                                  | 2002<br>£        | 2001<br>£        |
|---|---------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|   | <b>Domestic current year tax</b>                                                                                          |                  |                  |
|   | U.K. corporation tax                                                                                                      | 1,845,000        | 1,670,973        |
|   | Adjustment for prior years                                                                                                | (673)            | -                |
|   |                                                                                                                           | <u>1,844,327</u> | <u>1,670,973</u> |
|   | <b>Current tax charge</b>                                                                                                 |                  |                  |
|   | <b>Deferred tax</b>                                                                                                       |                  |                  |
|   | Deferred tax charge/credit current year                                                                                   | 24,674           | (39,664)         |
|   |                                                                                                                           | <u>1,869,001</u> | <u>1,631,309</u> |
|   | <b>Factors affecting the tax charge for the year</b>                                                                      |                  |                  |
|   | Profit on ordinary activities before taxation                                                                             | <u>6,416,988</u> | <u>5,034,019</u> |
|   | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%) | <u>1,925,096</u> | <u>1,510,206</u> |
|   | Effects of:                                                                                                               |                  |                  |
|   | Non deductible expenses                                                                                                   | 5,512            | 106,033          |
|   | Depreciation                                                                                                              | 28,615           | 24,994           |
|   | Capital allowances                                                                                                        | (50,524)         | (44,741)         |
|   | Adjustments to previous periods                                                                                           | (673)            | -                |
|   | Chargeable disposals                                                                                                      | 96,241           | 145,316          |
|   | Dividends and distributions received                                                                                      | (82,670)         | (63,269)         |
|   | Other tax adjustments                                                                                                     | (77,270)         | (7,566)          |
|   |                                                                                                                           | <u>(80,769)</u>  | <u>160,767</u>   |
|   | <b>Current tax charge</b>                                                                                                 | <u>1,844,327</u> | <u>1,670,973</u> |

# **CONEGATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 SEPTEMBER 2002**

### **10 Tangible fixed assets**

|                          | Short<br>leasehold<br>buildings<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|--------------------------|--------------------------------------|-------------------------------------------|------------------------|------------|
| <b>Cost or valuation</b> |                                      |                                           |                        |            |
| At 1 October 2001        | 25,278                               | 44,322                                    | 452,612                | 522,212    |
| Additions                | -                                    | -                                         | 148,152                | 148,152    |
| Disposals                | (1,797)                              | -                                         | (144,587)              | (146,384)  |
| At 30 September 2002     | 23,481                               | 44,322                                    | 456,177                | 523,980    |
| <b>Depreciation</b>      |                                      |                                           |                        |            |
| At 1 October 2001        | 25,278                               | 16,159                                    | 240,279                | 281,716    |
| On disposals             | (1,797)                              | -                                         | (125,271)              | (127,068)  |
| Charge for the year      | -                                    | 4,150                                     | 91,234                 | 95,384     |
| At 30 September 2002     | 23,481                               | 20,309                                    | 206,242                | 250,032    |
| <b>Net book value</b>    |                                      |                                           |                        |            |
| At 30 September 2002     | -                                    | 24,013                                    | 249,935                | 273,948    |
| At 30 September 2001     | -                                    | 28,162                                    | 212,333                | 240,495    |

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

| <u>Motor vehicles</u> | 2002<br>£ | 2001<br>£ |
|-----------------------|-----------|-----------|
| Cost                  | 384,537   | 303,821   |
| Less:- Depreciation   | (183,401) | (129,836) |
| <b>Net book value</b> | 201,136   | 173,985   |

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

### 11 Tangible fixed assets

|                          | Investment<br>properties<br>£ |
|--------------------------|-------------------------------|
| <b>Cost or valuation</b> |                               |
| At 1 October 2001        | 49,725,566                    |
| Additions                | 4,356,853                     |
| Revaluation              | 117,708                       |
| Disposals                | (1,684,404)                   |
|                          | <hr/>                         |
| At 30 September 2002     | 52,515,723                    |
|                          | <hr/>                         |

The valuations of investment properties were made as at 30th September 2002 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 £45,722,143 (2001 - £42,447,359).

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

### 12 Fixed asset investments

|                          | Unlisted<br>investments         | Shares in<br>group<br>undertakings<br>and<br>participating<br>interests | Total                           |
|--------------------------|---------------------------------|-------------------------------------------------------------------------|---------------------------------|
|                          | £                               | £                                                                       | £                               |
| <b>Cost or valuation</b> |                                 |                                                                         |                                 |
| At 1 October 2001        | 2,700,000                       | 200                                                                     | 2,700,200                       |
| Additions                | -                               | 10,400                                                                  | 10,400                          |
|                          | <u>2,700,000</u>                | <u>10,600</u>                                                           | <u>2,710,600</u>                |
| At 30 September 2002     | 2,700,000                       | 10,600                                                                  | 2,710,600                       |
|                          | <u>2,700,000</u>                | <u>10,600</u>                                                           | <u>2,710,600</u>                |
|                          | <b>Director's<br/>valuation</b> |                                                                         | <b>Director's<br/>valuation</b> |
|                          | £                               |                                                                         | £                               |
| At 30 September 2002     | 2,774,925                       |                                                                         | 2,774,925                       |
|                          | <u>2,774,925</u>                |                                                                         | <u>2,774,925</u>                |
| At 30 September 2001     | 2,725,083                       |                                                                         | 2,725,083                       |
|                          | <u>2,725,083</u>                |                                                                         | <u>2,725,083</u>                |

Should the investments be sold at their valuation, a tax charge not exceeding £23,000 (2001 - £8,000) 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<br>incorporation | Shares held<br>Class | %   |
|--------------------------------|---------------------------------------------|----------------------|-----|
| <b>Subsidiary undertakings</b> |                                             |                      |     |
| Centrewall Limited             | England & Wales                             | Ordinary             | 100 |
| Shape-Up Shops Limited         | England & Wales                             | Ordinary             | 100 |
| Darker Enterprises Limited     | England & Wales                             | Ordinary             | 100 |
| Conegade (2002) Limited        | England & Wales                             | Ordinary             | 100 |
| Conegade (2003) Limited        | England & Wales                             | Ordinary             | 100 |
| Conegade (2004) Limited        | England & Wales                             | Ordinary             | 100 |
| Conegade (2005) Limited        | England & Wales                             | Ordinary             | 100 |
| Conegade (2006) 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:

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

### 12 Fixed asset investments

(continued)

|                            | Capital and<br>reserves<br>2002<br>£ | Profit for the<br>year<br>2002<br>£ |
|----------------------------|--------------------------------------|-------------------------------------|
| Centrewall Limited         | (16,663)                             | -                                   |
| Shape-Up Shops Limited     | (26,147)                             | -                                   |
| Darker Enterprises Limited | 75,830                               | 535,983                             |
| Conegate (2002) Limited    | 48,396                               | 68,296                              |
| Conegate (2003) Limited    | 214,845                              | 306,778                             |
| Conegate (2004) Limited    | 100                                  | -                                   |
| Conegate (2005) Limited    | 100                                  | -                                   |
| Conegate (2006) Limited    | 100                                  | -                                   |
|                            | <u>          </u>                    | <u>          </u>                   |

### 13 Stocks

|                            | 2002<br>£         | 2001<br>£         |
|----------------------------|-------------------|-------------------|
| Properties held for resale | 1,795,094         | 1,795,094         |
| Goods for resale           | 3,356             | 7,697             |
|                            | <u>          </u> | <u>          </u> |
|                            | 1,798,450         | 1,802,791         |
|                            | <u>          </u> | <u>          </u> |

### 14 Debtors

|                                         | 2002<br>£         | 2001<br>£         |
|-----------------------------------------|-------------------|-------------------|
| Trade debtors                           | 2,845,196         | 1,002,987         |
| Amounts owed by subsidiary undertakings | 9,135,393         | 23,031            |
| Other debtors                           | 82,551            | 11,051            |
| Prepayments and accrued income          | 9,450             | 8,200             |
|                                         | <u>          </u> | <u>          </u> |
|                                         | 12,072,590        | 1,045,269         |
|                                         | <u>          </u> | <u>          </u> |

# **CONEGATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 SEPTEMBER 2002**

| <b>15 Current asset investments</b>                       | <b>2002</b>       | <b>2001</b>       |
|-----------------------------------------------------------|-------------------|-------------------|
|                                                           | <b>£</b>          | <b>£</b>          |
| Listed investments                                        | <u>6,846,118</u>  | <u>5,687,296</u>  |
| Market valuation of listed investments                    | <u>5,038,137</u>  | <u>4,927,400</u>  |
| <b>16 Creditors: amounts falling due within one year</b>  | <b>2002</b>       | <b>2001</b>       |
|                                                           | <b>£</b>          | <b>£</b>          |
| Bank loans and overdrafts                                 | 325,227           | 300,000           |
| Trade creditors                                           | 327,549           | 288,249           |
| Amounts owed to parent and fellow subsidiary undertakings | 38,166,897        | 30,959,040        |
| Amounts owed to subsidiary undertakings                   | 300               | -                 |
| Corporation tax                                           | 904,120           | 932,310           |
| Other taxes and social security costs                     | 586,269           | 947,149           |
| Other creditors                                           | 28,125            | 28,125            |
| Accruals and deferred income                              | 91,790            | 81,290            |
|                                                           | <u>40,430,277</u> | <u>33,536,163</u> |

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

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| 17 Creditors: amounts falling due after more than one year | 2002<br>£        | 2001<br>£        |
|------------------------------------------------------------|------------------|------------------|
| Bank loans                                                 | <u>1,275,000</u> | <u>1,650,000</u> |
| <b>Analysis of loans</b>                                   |                  |                  |
| Not wholly repayable within five years by instalments:     |                  |                  |
| Bank loans                                                 | <u>1,575,000</u> | <u>1,950,000</u> |
|                                                            | 1,575,000        | 1,950,000        |
| Included in current liabilities                            | <u>(300,000)</u> | <u>(300,000)</u> |
|                                                            | <u>1,275,000</u> | <u>1,650,000</u> |
| <b>Loan maturity analysis</b>                              |                  |                  |
| Between one and two years                                  | 300,000          | 300,000          |
| Between two and five years                                 | 900,000          | 900,000          |
| In five years or more                                      | <u>75,000</u>    | <u>450,000</u>   |

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.

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

### 18 Provisions for liabilities and charges

|                              | Deferred tax liability<br>£ |
|------------------------------|-----------------------------|
| Balance at 1 October 2001    | 125,208                     |
| Profit and loss account      | 24,674                      |
|                              | <u>          </u>           |
| Balance at 30 September 2002 | <u>149,882</u>              |

The deferred tax liability is made up as follows:

|                                | 2002<br>£      | 2001<br>£      |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | <u>149,882</u> | <u>125,208</u> |

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

### 19 Pension costs

#### Defined contribution

|                                                   | 2002<br>£    | 2001<br>£    |
|---------------------------------------------------|--------------|--------------|
| Contributions payable by the company for the year | <u>2,000</u> | <u>2,000</u> |

### 20 Share capital

|                                           | 2002<br>£  | 2001<br>£  |
|-------------------------------------------|------------|------------|
| <b>Authorised</b>                         |            |            |
| 100 Ordinary shares of £ 1 each           | <u>100</u> | <u>100</u> |
| <b>Allotted, called up and fully paid</b> |            |            |
| 100 Ordinary shares of £ 1 each           | <u>100</u> | <u>100</u> |

# **CONEGATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 SEPTEMBER 2002**

### **21 Statement of movements on reserves**

|                                                              | Revaluation<br>reserve | Profit and<br>loss<br>account |
|--------------------------------------------------------------|------------------------|-------------------------------|
|                                                              | £                      | £                             |
| Balance at 1 October 2001                                    | 7,278,207              | 41,803,208                    |
| Retained profit for the year                                 | -                      | 4,547,987                     |
| Transfer from revaluation reserve to profit and loss account | (602,335)              | 602,335                       |
| Revaluation during the year                                  | 117,708                | -                             |
| Balance at 30 September 2002                                 | 6,793,580              | 46,953,530                    |

### **22 Reconciliation of movements in shareholders' funds**

|                                     | 2002       | 2001       |
|-------------------------------------|------------|------------|
|                                     | £          | £          |
| Profit for the financial year       | 4,547,987  | 3,402,710  |
| Other recognised gains and losses   | 117,708    | 873,900    |
| Net addition to shareholders' funds | 4,665,695  | 4,276,610  |
| Opening shareholders' funds         | 49,081,512 | 44,804,902 |
| Closing shareholders' funds         | 53,747,210 | 49,081,512 |

### **23 Financial commitments**

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

|                            | Land and buildings<br>2002 | 2001   |
|----------------------------|----------------------------|--------|
|                            | £                          | £      |
| Expiry date:               |                            |        |
| Within one year            | 5,250                      | 5,250  |
| Between two and five years | 31,300                     | 31,300 |
| In over five years         | -                          | 6,500  |
|                            | 36,550                     | 43,050 |

# CONEGATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

| 24 Director's emoluments                                | 2002<br>£      | 2001<br>£      |
|---------------------------------------------------------|----------------|----------------|
| Emoluments for qualifying services                      | 150,750        | 141,900        |
| Company pension contributions to money purchase schemes | 2,000          | 2,000          |
|                                                         | <u>152,750</u> | <u>143,900</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2001 - 1).

### 25 Employees

#### Number of employees

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

|                        | 2002<br>Number | 2001<br>Number |
|------------------------|----------------|----------------|
| Office and management  | 5              | 5              |
| Sales and distribution | 5              | 5              |
|                        | <u>10</u>      | <u>10</u>      |

#### Employment costs

|                       | £              | £              |
|-----------------------|----------------|----------------|
| Wages and salaries    | 342,521        | 324,730        |
| Social security costs | 36,026         | 36,044         |
| Other pension costs   | 2,000          | 2,000          |
|                       | <u>380,547</u> | <u>362,774</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.

# **CONEGATE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002**

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### **27 Related party transactions**

The material related party transactions during the year ended 30th September, 2002 were:-

- Service charges of £5,450,000 (2001: £7,150,000) were paid to Roldvale Limited.
- VAT amounting to £1,517,219 (2001: £406,737) was paid on behalf of the company by Roldvale Limited.
- Management fees of £4,250,000 (2001: £4,250,000) was received from Sport Newspapers Limited, a company in which Mr. D. Sullivan has an interest.
- Service charges amounting to £2,460,000 (2001 - £ Nil) was received from its subsidiary, Darker Enterprises Limited.

The balance due to the group undertakings at 30th September, 2002 was £29,031,804 (2001: £30,936,009) and the balance due from Sport Newspapers Limited at 30th September, 2002 was £166,667 (2001: £166,667).