

REMUNERATION REPORT

SUMMARY OF KEY 2001/2002 ISSUES

1. Executive directors were awarded 3 per cent salary increases at the beginning of 2001 and these are recorded in the table on page 22. Because of the world economic situation, the company's trading position and the actions being taken to cut costs, no salary increases are being awarded to directors for 2002. This will be reported as part of the directors' remuneration details in the 2002 annual report.
2. Clive Hollick and Charles Gregson's contracts have been reviewed and notice periods reduced from two years to one. In addition, the definition of Clive Hollick's pensionable salary now excludes bonus payments.
3. All defined benefit pension schemes operated in the UK by the group were closed to new entrants by 1996. A defined contribution scheme has been available to new entrants since that date.
4. Following the restructuring of the group it was decided in 2000 to offer an accelerated award of share options, normally receivable over four years, to selected senior executives, including executive directors.
5. No special bonuses were paid in 2001.

REMUNERATION COMMITTEE

The board has delegated to the remuneration committee responsibility for determining the company's policy on the remuneration of executive directors and specific approval of the remuneration package and terms of employment for each of the executive directors of the company and for other senior executives of the group. The committee also makes awards under the group's share option and other long term incentive plans.

In determining remuneration policy, the committee has regard to the provisions of the Combined Code. All the non-executive directors of the company (all of whom are independent) are members of the committee. It is chaired by John Botts, who is also the senior non-executive director; the members of the committee are identified on page 26. The chief executive attends committee meetings by invitation; he is not present for discussion on matters concerning his own remuneration. Meetings are also attended by the company secretary and the HR director.

Shareholders have been given an opportunity to vote on the company's remuneration policy at every annual general meeting since 1998. A similar resolution will be proposed at this year's annual general meeting.

REMUNERATION POLICY

Total level of remuneration

The committee aims to ensure that the company's remuneration policy is aligned with its business interests and reflects the company's commitment to long term profitable growth.

Competition for able and effective management remains high and the challenging economic climate makes it all the more necessary to attract, retain and motivate executives of the highest quality and with the requisite skills and experience. The policy also reflects the need to compete for talent in the international market place, particularly in the USA where the majority of the group's business is now based.

The committee seeks to link total remuneration to performance by means of annual bonus plans and long term incentive arrangements which contain demanding performance conditions. Remuneration packages are designed to reflect the underlying performance of the group's businesses as well as seeking to align the interests of management and shareholders.

Remuneration packages for senior executives, including executive directors, comprise base salary and benefits, pension, annual bonus plan and longer term incentive arrangements. All defined benefit pension schemes operated by the group in the UK were closed to new entrants by 1996.

Share options and long term incentive arrangements

Executive share options

Long term incentive awards are made under the United Business Media 2000 Executive Share Option Scheme which was established, with shareholder approval, in April 2000. Options may be designated as basic options (i.e. those granted at market value) or premium priced options, which may be granted at a premium of 25 per cent, 50 per cent or 75 per cent to the market value of the shares. No premium priced options have yet been granted. The maximum number of shares which may be issued or issuable under the company's executive share option schemes in any ten year period is 25,264,262 shares; this is approximately equal to 7.5 per cent of ordinary shares in issue as at 31 December 2001. Premium priced options are excluded from this limit, as are shares issued as a result of options exercised by employees in businesses that were sold before 31 December 2000. 19.3 million shares have been issued or are issuable as a result of options awarded over the last ten years, leaving 5.9 million shares available for future grants.

There is no specified limit for the grant of options to individuals under the 2000 Scheme and the committee determines the appropriate level of each grant having regard to corporate objectives, market forces and individual circumstances. This policy was approved by shareholders in November 2000 following the major refocusing of the group's activities after the sale of the television businesses, from which £1.25 billion of value was returned to shareholders in 2001. It was decided in December 2000 to make an accelerated award of options to approximately twenty senior employees of the group (including executive directors) at a multiple of 12 times salary. This was considered to be appropriate given the wish to incentivise these key individuals during a time of great organisational change, and in light of the group's increased exposure to US markets and the need to compete for talent in those markets. Options with an average value of 9.5 times salary have so far been granted in three separate tranches in December 2000, May 2001 and December 2001; half of the options granted in each tranche will vest after three years and half after four years, subject to fulfilment of the performance condition described below. Once the 12 times salary limit has been reached it is not expected that any further awards will be made to these individuals prior to 2004. Awards to other participants in the 2000 Scheme are generally made on a phased basis, with annual awards of up to 3 times salary being usual.

The exercise of the basic options is subject to a performance condition which requires growth in earnings per share to exceed inflation by an average of 3 per cent per annum for options with a face value equal to 0.75 times salary. In order for the whole award to vest, growth in earnings per share must exceed inflation by an average of 5 per cent per annum. A sliding scale applies between these two figures. These performance conditions are measured over a period of three to six years from the date of grant, with a fixed start date. Premium priced options require real earnings per share growth of 3 per cent per annum over a rolling three year period; participants must also comply with the company's minimum shareholding guidelines in order to exercise these options. Options granted under the scheme will lapse (if not previously exercised) on the tenth anniversary of their grant date.

REMUNERATION REPORT

REMUNERATION POLICY (continued)

Senior executive equity participation plan

The United Business Media 2000 Senior Executive Equity Participation Plan ("SEEPP") was established with shareholder approval in April 2000. Under the SEEPP selected senior executives (including executive directors) may opt to waive part or all of their annual bonus and to receive an interest in shares in the company ("bonus shares") to the equivalent value. The executive may also be granted a right to acquire shares ("matching shares") in the company equal in value to the gross amount of the bonus foregone at a nominal price. A matching share award will normally be exercisable in full between the fourth and tenth anniversaries of its grant, but only to the extent that the attached bonus shares are still held on the fourth anniversary of the date of grant. Two thirds of a matching share award may only be exercised if growth in earnings per share exceeds inflation by up to 5 per cent per annum over the period of four years commencing with the year of grant; the remaining one-third requires no performance condition. The terms of the SEEPP are varied for US residents to take account of local tax legislation.

Other long term incentive arrangements

Awards also remain outstanding under executive option and other incentive arrangements previously operated by the company which have now closed. Further details of these plans, including outstanding awards held by executive directors, are set out on pages 24 and 25.

Sharesave

The company operates both UK and International sharesave plans which enable eligible employees around the group to acquire options over ordinary shares of the company at a discount of up to 20 per cent of their market price, using the proceeds of a related SAYE contract. The International plan is currently extended to eligible employees in the USA, Hong Kong and Singapore. Options under the International plan are granted in local currency. 6.2 million shares have been issued or are issuable pursuant to the exercise of options awarded under these schemes in the last ten years.

Executive directors' remuneration

Service contracts

The company's policy is that all executive directors should have service contracts that are terminable on no more than one year's notice. Clive Hollick and Charles Gregson's service contracts were previously terminable on two years' notice by either party but these contracts were amended during the year and are now terminable on one year's notice by either party.

Base salary and benefits

Base salary for each director is determined annually with effect from 1 January. The company regularly participates in executive remuneration surveys that provide information on the practice of major public companies to measure the competitiveness of the directors' base salaries. In addition to measurement against competitive market data, factors such as inflation, the individual's responsibilities, the company's performance and the salary policy throughout the group as a whole are taken into account when determining base salary levels. Base salary levels for executive directors were increased by 3 per cent at the beginning of 2001; no increases are being made for 2002. Benefits include items such as a car allowance.

Annual bonus

The executive directors and other senior executives are eligible for an annual bonus dependent on the achievement of qualitative and quantitative targets which are set by the committee at the beginning of the year. Targets customarily include a combination of factors which recognise both company performance and individual objectives. For 2001, the maximum annual bonus was increased from 50 per cent to 60 per cent of base salary, with the additional 10 percentage points becoming payable only if targets are substantially exceeded. Bonuses earned are paid in cash or may, at the individual's election, be invested in the company's Senior Executive Equity Participation Plan which is described above.

Special bonuses

The remuneration committee from time to time awards special bonuses when circumstances justify them. No such bonuses were paid in 2001.

Pension entitlement

Clive Hollick and Charles Gregson are members of the United Pension Plan which is an approved defined benefit scheme. The company meets the full cost of the benefits. Normal retirement age is 60. The pension entitlement is two thirds of Final Pensionable Salary, which is the annual average of the best three consecutive Pensionable Salaries in the last ten years.

Under historical contracts the definition of Pensionable Salary for Clive Hollick and Charles Gregson included bonuses. Under Clive Hollick's new contract any bonus paid after 5 April 2001 is not pensionable; this means that if he remains in office until normal retirement age of 60 (20 May 2005) he will receive his already earned pension entitlement of £726,000 per annum. If he retires earlier this entitlement will be reduced pro rata on a sliding scale. The pension would normally also be subject to a discount if drawn prior to normal retirement date. If Clive Hollick's service were terminated by the company following a change of control he would be entitled to receive the pension of £726,000 per annum, reduced to reflect completed service plus his one year's notice period.

Under the terms of Charles Gregson's service contract, the definition of Pensionable Salary includes annual bonus up to 50 per cent of base salary; this is a long-standing term of his service contract. If Charles Gregson's service were terminated by the company without his consent he would be entitled to an immediate pension calculated as a proportion of his pension entitlement at age 60, based on his Final Pensionable Salary at the date of termination.

Members of the United Pension Plan receive increases on their pensions in payment of 5 per cent per annum or RPI, if less, for all pensionable service. The widow's pension for the two executive directors is two thirds of their pension.

The company contributes to personal pension plans for other executive directors.

The tables overleaf show the amount of pension entitlement accrued during the year for Clive Hollick and Charles Gregson, and details of the contributions paid by the company during the year in respect of other executive directors.

REMUNERATION REPORT

REMUNERATION POLICY (continued)

Name	Current age	Additional pension earned in excess of inflation during the year ended		Accrued entitlement at year end	
		31 December 2001	31 December 2000	31 December 2001	31 December 2000
		£000 per annum		£000 per annum	
Clive Hollick	56	71		595	507
Charles Gregson	54	34		353	309

Name	Normal retirement age	Pension contribution	Company pension contributions for the year
			£000
Malcolm Wall	60	15% of basic salary	49
Nigel Wilson	60	20% of basic salary	26
Charles Stern	60	41% of basic salary up to £170,000 15% on the excess	94

Note: Charles Stern's pension contribution figure includes a one-off contribution of £40,291.

External appointments

It is recognised that by holding the office of a non-executive director of another company, an executive director may gain valuable knowledge and experience that can benefit the company. The policy therefore provides for executive directors to accept not more than two outside corporate directorships, subject to board approval which may be given or withheld at the board's discretion. An executive director may retain the fees received for a non-executive directorship.

POLICY ON REMUNERATION OF NON-EXECUTIVE DIRECTORS

The fees of the chairman and non-executive directors are considered and approved by the board as a whole, having regard to current market practice. Non-executive directors' fees were last reviewed in 2000, at which time the board decided that in order to link the interests of non-executive directors more closely with those of shareholders, part of their fees should be paid in the form of shares. All non-executive directors with the exception of the chairman receive a fee of £35,000 per annum of which £10,000 is provisionally allocated in the form of ordinary shares in the company. Shares are awarded in arrears twice a year and the number of shares to be awarded is calculated by reference to the market value at the time of the award. The directors will become entitled to receive these shares when they leave the board, subject to certain conditions. The directors' fees include membership of board committees; an additional £5,000 per annum is paid to each of John Botts and Geoffrey Unwin for their chairmanship of the remuneration and audit committees respectively. Sir Ronald Hampel receives a fee of £200,000 per annum for his role of chairman, of which £100,000 is provisionally allocated in the form of ordinary shares in the company as described above.

Sir Ronald Hampel's appointment may be terminated by either party on not less than 12 months' notice. The other non-executive directors do not have service contracts with the company; each has a notice period of 6 months. Non-executive directors are not entitled to participate in the company's share option or pension schemes. Each non-executive director's appointment (including that of the chairman) is reviewed every 3 years.

REMUNERATION REPORT

TABLE OF INDIVIDUAL DIRECTORS' REMUNERATION

Directors	Position	Basic salary £	Fees £	Benefits £	Bonus £	Total in 2001 £	Total in 2000 £	Ers pension Contra (Money Purchase)
Clive Hollick	Chief Executive	668,367		17,850	0	686,217	1,640,100	–
Charles Gregson	Director	254,458		10,452	15,450	280,360	324,305	–
Malcolm Wall	Director	325,000		11,935	58,500	395,435	–	48,750
Nigel Wilson	Director	129,167		5,495	0	134,662	–	25,833
Sir Ronald Hampel	Non-Executive Chairman		200,000			200,000	162,500	–
John Botts	Non-Executive Director		40,000			40,000	32,500	–
Jonathan Newcomb	Non-Executive Director		9,134			9,134	–	–
Christopher Powell	Non-Executive Director		35,000			35,000	29,375	–
Adair Turner	Non-Executive Director		35,000			35,000	29,375	–
Geoffrey Unwin	Non-Executive Director		40,000			40,000	32,500	–
Fields Wicker-Miurin	Non-Executive Director		35,000			35,000	29,375	–
Directors who retired during the year								
Charles Stern	Director	175,553		2,811	0	178,364	519,217	93,763
Total emoluments		1,552,545	394,134	48,543	73,950	2,069,172	2,799,247	168,346

Note 1: Benefits are non-pensionable car and benefit cash allowances and/or benefits in kind provided by the company.

Note 2: Part or all of the bonus can be sacrificed to the United SEEPP.

Note 3: Clive Hollick was the highest paid director.

Note 4: Malcom Wall was appointed as director on 1 January 2001 and his remuneration has been included from that date.

Note 5: Nigel Wilson was appointed as director on 1 August 2001 and his remuneration has been included from that date.

Note 6: Jonathan Newcomb was appointed as non-executive director on 27 September 2001 and his remuneration has been included from that date.

Note 7: Charles Stern resigned as director through ill health on 26 February 2001. He remained employed until his death on 6 August 2001. The figures shown reflect his remuneration for that period.

Note 8: Charles Gregson's time is split between his chairmanship of ICAP plc and his work for United. His remuneration shown in the table above reflects the amounts payable by United.

Note 9: Non-executive directors' fees include an element payable in the form of United shares, as described on page 21.

DIRECTORS' INTERESTS

Directors' interests in United ordinary shares of 25 pence ("United Shares")

The interests of the directors in United shares (all of which are beneficial) are shown as follows: at 1 January 2001, or the date of appointment if later, and at 31 December 2001.

Director	Ordinary shares at 1.1.01	Ordinary Shares at 31.12.2001*	SEEPP Bonus options at 1.1.2001	SEEPP Bonus options at 31.12.2001*
Sir Ronald Hampel	9,250	27,568†	–	–
Clive Hollick	557,477	482,238	362,324	238,804
Charles Gregson	356,986	255,183	24,757	16,317
Malcolm Wall	663	2,786	–	–
Nigel Wilson	–	19,449	–	–
John Botts	3,000	4,123†	–	–
Jonathan Newcomb	–	–	–	–
Christopher Powell	4,032	4,803†	–	–
Adair Turner	–	2,146†	–	–
Geoffrey Unwin	5,972	6,082†	–	–
Fields Wicker-Miurin	350	2,376†	–	–

* The share interests at 31 December 2001 reflect the reorganisation and consolidation of share capital that took place on 23 April 2001.

† Interests of non-executive directors include provisional allocations of shares by way of remuneration as described on page 21.

At 31 December 2001, the trustees of the United Business Media Employee Share Ownership Trust, and the Qualifying Employee Share Trust (QUEST) held a total of 1,599,185 United ordinary shares (2000: 3,568,004) and 1,446,982 B shares (2000: nil) and options over 2,253,097 United ordinary shares (2000: 2,063,423) and 1,377,771 B shares (2000: nil). Under paragraph 2 of Schedule 13 of the Companies Act, the executive directors are deemed to be interested in these shares and options.

The maximum price of United ordinary shares during the year was 875 pence and the minimum price was 342 pence.

REMUNERATION REPORT

DIRECTORS' INTERESTS IN OPTIONS OVER UNITED SHARES

The interests of the directors in options over United shares are shown at 1 January 2001, or date of appointment if later, and at 31 December 2001.

	Date of Grant	Options held at 1.1.01	Exercised/lapsed during 2001	Options held at 31.12.01	Exercise period from	Exercise period to	Exercise price (p)	Market price at date of exercise	Total gain on exercise
Clive Hollick									
MAI Executive Schemes	28.10.91	96,000	96,000	–	28.10.94	28.10.01	192.188	700.0p	£487,500
	30.10.92	51,200	–	51,200	30.10.95	30.10.02	234.375		
	28.10.93	28,800	–	28,800	28.10.96	28.10.03	363.281		
	13.10.94	44,800	–	44,800	13.10.97	13.10.04	374.219		
	20.10.95	64,000	–	64,000	20.10.98	20.10.02	467.625		
MAI Sharesave Scheme	20.10.95	1,950	–	1,950	01.12.02	01.06.03	400.000		
United 1994 Executive Scheme	16.09.96	153,455	–	153,455	16.09.99	16.09.06	686.000		
United 2000 Executive Scheme	18.12.00	152,500	–	152,500	18.12.03	18.12.10	843.000		
	18.12.00	152,500	–	152,500	18.12.04	18.12.10	843.000		
	08.05.01	–	–	152,500	08.05.04	08.05.11	724.800		
	08.05.01	–	–	152,500	08.05.05	08.05.11	724.800		
	19.12.01	–	–	150,000	19.12.04	19.12.11	529.000		
	19.12.01	–	–	150,000	19.12.05	19.12.11	529.000		
United SAYE Scheme	01.11.96	1,464	–	1,464	01.02.04	01.08.04	532.600		
	31.10.97	616	–	616	01.02.05	01.08.05	632.700		
	20.04.01	–	–	1,382	01.06.06	01.12.06	488.300		
Charles Gregson									
MAI Executive Schemes	30.10.92	51,200	–	51,200	30.10.95	30.10.02	234.375		
	28.10.93	28,800	–	28,800	28.10.96	28.10.03	363.281		
	13.10.94	44,800	–	44,800	13.10.97	13.10.04	374.219		
	20.10.95	64,000	–	64,000	20.10.98	20.10.02	467.625		
United 1994 Executive Scheme	16.09.96	69,252	–	69,252	16.09.99	16.09.06	686.000		
United 2000 Executive Scheme	18.12.00	52,500	–	52,500	18.12.03	18.12.10	843.000		
	18.12.00	52,500	–	52,500	18.12.04	18.12.10	843.000		
	08.05.01	–	–	52,500	08.05.04	08.05.11	724.800		
	08.05.01	–	–	52,500	08.05.05	08.05.11	724.800		
	19.12.01	–	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	–	–	75,000	19.12.05	19.12.00	529.000		
United SAYE Scheme	01.11.96	2,591	–	2,591	01.02.02	01.08.02	532.600		
	15.12.98	655	–	655	01.02.04	01.08.04	514.800		
Malcom Wall									
United 1994 Executive Scheme	05.06.96	6,560	6,560*	–	05.06.99	05.06.06	702.500		
	24.09.96	20,000	20,000*	–	24.09.99	24.09.06	669.500		
	26.03.97	25,000	25,000*	–	26.03.00	26.03.07	731.500		
United 2000 Executive Scheme	18.12.00	–	–	76,000	18.12.03	18.12.10	843.000		
	18.12.00	–	–	76,000	18.12.04	18.12.10	843.000		
	08.05.01	–	–	76,000	08.05.04	08.05.11	724.800		
	08.05.01	–	–	76,000	08.05.05	08.05.11	724.800		
	19.12.01	–	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	–	–	75,000	19.12.05	19.12.00	529.000		
MAI Sharesave Scheme	20.10.95	1,725	1,725*	–	01.12.00	04.04.01	400.000		
United SAYE Scheme	20.04.01	–	–	1,587	01.06.04	01.12.04	488.300		
Nigel Wilson									
United 2000 Executive Scheme	08.08.01	–	–	104,000	08.08.04	08.08.11	595.700		
	08.08.01	–	–	104,000	08.08.05	08.08.11	595.700		
	19.12.01	–	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	–	–	75,000	19.12.05	19.12.00	529.000		

* These options held by Malcolm Wall became exercisable following the sale of the television businesses in October 2000 and lapsed in April 2001.

Options granted under the MAI Executive Schemes and the United 1994 Executive Scheme have fulfilled their performance conditions and are fully exercisable.

REMUNERATION REPORT

DIRECTORS' INTERESTS IN LONG TERM INCENTIVE SCHEMES

Senior Executive Equity Participation Plan ("SEEPP")

	Shares /options at 01.01.01	Shares/options awarded/ (exercised) in 2001	Ordinary shares /options at 31.12.01+	B shares/ options at 31.12.01+	Bonus amount*	Price paid for shares /option (p)	Exercisable from	Expiry Date	Market Value†
Clive Hollick	73,456*	–	48,414	36,728	£260,400	709.00	16.09.00	29.06.07	£206,178
	40,234*	–	26,516	20,117	£155,006	770.50	17.03.01	29.06.07	£112,925
	68,076*	–	44,868	34,038	£263,796	775.00	18.03.02	29.06.07	£191,076
	450,840**	(60,460)‡	257,176	390,200	n/a	n/a	30.09.00	29.06.07	£295,458
	49,514***	–	32,634	49,514	n/a	n/a	03.12.99	29.06.10	£138,977
	66,708*	–	49,966	33,354	£309,000	926.44	03.03.04	29.06.10	£187,235
Charles Gregson	26,834*	–	17,686	13,417	£95,120	709.00	16.09.00	29.06.07	£75,318
	9,988*	–	6,582	4,994	£38,483	770.50	17.03.01	29.06.07	£28,032
	30,304*	–	19,972	15,152	£117,430	775.00	18.03.02	29.06.07	£85,790
	18,796*	–	12,388	9,398	£61,513	654.56	08.03.03	29.06.07	£52,756
	49,514***	–	48,587++	24,757	n/a	n/a	03.12.99	29.06.10	£138,976
	4,670*	–	3,076	2,335	£21,630	926.44	03.03.04	29.06.10	£13,103
	–	23,850*	23,850	–	£86,719	727.20	08.05.05	08.05.11	£57,240

Awards becoming exercisable on or after 3 March 2004 were granted under the 2000 SEEPP, which is described on page 20. Awards becoming exercisable prior to 3 March 2004 were granted under the 1996 SEEPP, which operates in a similar manner to the 2000 SEEPP, except that the matching awards are subject to a longer vesting period (up to seven years) but no performance conditions are attached.

* The directors gave up cash bonuses that would otherwise have been receivable by them in order to receive awards under the SEEPP. The bonus was paid to the director's funded unapproved retirement benefit scheme ("FURBS") and used by the FURBS Trustees to purchase shares from the SEEPP Trustees. A matching award was granted over an equal number of shares. The table shows the total bonus shares and matching awards. The bonus shares are included in the director's beneficial interest in shares shown on page 22; the amount used to purchase the bonus shares was included in the director's reported remuneration for the year in which the award was made.

** This award comprises 337,567 bonus options and 113,273 matching awards granted to Clive Hollick in exchange for options previously held under the Meridian Broadcasting Executive Share Option Scheme.

*** These options were granted in exchange for options previously held under the MAI 1989 Purchase Only share option scheme, the rights to which were waived by the directors. Both the bonus options and an equal number of matching options are exercisable in full.

‡ The gain on exercise of matching awards over 60,640 shares was £377,181.

+ On 23 April 2001 the company underwent a capital reorganisation as a result of which every shareholder received 44 B shares and 29 new ordinary shares in place of every 44 ordinary shares previously held. The SEEPP bonus shares and matching awards were adjusted accordingly. B shareholders could elect to keep or sell their B shares, or to receive a single dividend of 245 pence per B share; the FURBS Trustees elected to receive the single dividend.

++ In August 2001 all SEEPP participants were offered the opportunity to have their bonus option B shares repurchased at 245 pence per share, the proceeds reinvested into ordinary shares and an option granted over such additional ordinary shares. Charles Gregson accepted this offer in respect of 24,757 bonus options and the adjusted number of options is shown.

† Market value of the matching awards is calculated at 480 pence per ordinary share, the closing mid-market price on 31 December 2001, and 245 pence per B share.

REMUNERATION REPORT

DIRECTORS' INTERESTS IN LONG TERM INCENTIVE SCHEMES (continued)

Long Term Incentive Plan ("LTIP")

	Shares allocated at 01.01.01	Shares lapsed during 2001	Shares vested during 2001	Value of award at date of grant	Shares allocated at 31.12.01	Earliest date for transfer	Value of shares vested*	Market value**
Clive Hollick	50,285	50,285	–	£388,000	–	n/a	–	n/a
	77,710	60,614	17,096	£600,000	–	18.03.01	£101,892	n/a
	105,027	–	–	£610,000	105,027	23.03.02	–	£504,130
	75,435	–	–	£648,900	75,435	03.03.03	–	£362,088
Charles Gregson	39,528	39,528	–	£305,000	–	n/a	–	n/a
	45,330	35,358	9,972	£349,993	–	18.03.01	£59,433	n/a
	62,067	–	–	£360,485	62,067	23.03.02	–	£297,922
	43,594	–	–	£375,000	43,594	03.03.03	–	£209,251
Malcolm Wall	15,000	11,434	3,566	£115,815	–	n/a	£21,253	n/a
	34,435	–	–	£200,000	34,435	18.03.01	–	£84,528
	29,063	–	–	£254,645	29,063	23.03.02	–	£27,389

Awards under the LTIP were made in the form of a provisional allocation of shares which become receivable on or after the third anniversary of the allocation date, subject to the performance condition being met. This condition requires the group's total shareholder return (i.e. share price movement and dividends paid), when compared with that of FTSE 100 companies over the three year period, to place the group in at least 50th position within the FTSE 100. The shares will vest in full at 25th position or above, while 20 per cent of the shares will vest at 50th position. Shares will be allocated proportionately on a sliding scale between 25th and 50th position. Limited re-testing was allowed if the condition was not met after the third year.

The last awards under the LTIP were made in 2000. No further awards will be made.

The performance condition was not met for awards made in 1997, which lapsed in January 2001. The company attained 49th position in the FTSE 100 in respect of the 1998 awards, as a result of which 22 per cent of these awards vested in March 2001; the unvested portion lapsed.

The company attained 46th position in the FTSE 100 in relation to the 1999 LTIP awards; as a result, 28 per cent of these awards will vest and become transferable to participants on or after 23 March 2002. The unvested portion will lapse.

* The value of the shares that vested during the year is calculated at 596 pence, the market value on the date on which the shares were transferred to the directors.

** Market value of LTIP shares as yet unvested at 480 pence, the closing mid-market price on 31 December 2001.

Changes in directors' interests since 31 December 2001

On 5 February 2002 Charles Gregson exercised options over 2,591 ordinary shares held under the United SAYE scheme. On 21 February 2002, Charles Gregson's general company PEP acquired 3 ordinary shares on the reinvestment of dividends. Save as stated, there have been no other changes to the interests of directors in United shares nor in options over United shares between 31 December 2001 and 5 March 2002.

CORPORATE GOVERNANCE STATEMENT

COMBINED CODE COMPLIANCE

This report describes the manner in which the board has applied the principles of the combined code on corporate governance which is appended to the listing rules of the Financial Services Authority. The board considers that during 2001 the company complied fully with the provisions of section 1 of the combined code. The company has complied with the internal control provisions by establishing the procedures necessary to implement the guidance issued in September 1999 (the Turnbull Committee report) and by reporting in accordance with that guidance.

THE BOARD

Under the company's articles of association, at each annual general meeting any director then in office who has been appointed by the board since the previous annual general meeting and any director who at the date of the notice convening the annual general meeting had held office for more than thirty months since he was last appointed or re-appointed by the company in general meeting shall retire from office but is eligible for re-appointment.

There are eleven board members in total, comprising the chairman (part-time), chief executive, three other executives and six non-executive directors. The roles of chairman and chief executive are separate, and the board has nominated John Botts as the senior independent non-executive director. The appointment in 2001 of Malcolm Wall (an executive director) as chief operating officer has focused the reporting of detailed information on the group's operations to the board. The board receives monthly written reports from the chief executive, chief financial officer and chief operating officer as well as management accounts and other financial information.

The primary function of the board is to set the group's strategy and to oversee the effect of implementation of that strategy. Scheduled board meetings take place approximately eight times a year, with additional meetings being convened if circumstances require. There is an established agenda of items to be considered at the board meetings and the board also receives presentations from executive directors and from divisional management and other senior executives on specific issues. The chairman meets separately with the chief executive on a regular basis and other informal meetings and discussions take place between directors as appropriate.

The board has three principal committees, all of which have written terms of reference. Details of these committees are as follows:-

The audit committee is chaired by Geoffrey Unwin and its other members are John Botts, Sir Ronald Hampel and Adair Turner. All members of the committee are independent non-executive directors. The committee meets at least three times a year; with effect from 2002, this will be increased to a minimum of four times a year. Meetings are also attended by the chief financial officer, deputy CFO, head of internal audit, company secretary and external auditors. Its primary purpose is to review the group's accounting procedures and financial control environment, as well as dealing with matters relating to the appointment of external auditors. The committee reviews annually the scope and results of the audit, as well as the fees of the auditors for both audit and non-audit services, and makes recommendations to the board on these issues. It also reviews the independence and objectivity of the auditors. The committee is authorised to seek information from any employee of the group and to obtain external professional advice if it considers it necessary. Both internal and external auditors have direct access to the committee.

The remuneration committee is chaired by John Botts and its other members are Sir Ronald Hampel, Jonathan Newcomb (appointed 27 September 2001), Christopher Powell, Adair Turner, Geoffrey Unwin and Fields Wicker-Miurin. All members of the committee are independent non-executive directors. Further details of the committee's activities are set out in the remuneration report on pages 19 to 25. The company was among the first to invite its shareholders to vote on its remuneration policy in 1998 and has done so at all subsequent annual general meetings; a similar opportunity will be given to shareholders again at this year's annual general meeting.

The nomination committee is chaired by Sir Ronald Hampel and its other members are Clive Hollick and John Botts. The committee meets as required to review the structure, size and composition of the board and to identify candidates, both executive and non-executive, whose skills and experience are considered to be of value to the company.

NON-EXECUTIVE DIRECTORS

The directors believe that effective corporate governance is strengthened by the presence of a strong independent element on the board. Biographies of all the directors currently in office are set out on page 17, and illustrate the range of experience of directors. All non-executive directors are considered by the company to be independent for the purposes of the combined code; the board regularly reviews the independence of its non-executive directors.

RELATIONS WITH SHAREHOLDERS

The company considers its annual and interim reports to be of primary importance in keeping shareholders informed about the activities and progress of the group. In addition to these reports the company also provides updated trading information prior to the start of each close period. Financial and other information about the company is published on its website, which has links to the websites of other businesses in the group.

The company maintains an ongoing dialogue with its major institutional shareholders by means of meetings and presentations as appropriate. Consultation is undertaken with the ABI and other bodies representing shareholders' interests on matters which the company considers appropriate. All shareholders are welcome at the annual general meeting where they have the opportunity to ask questions of all the directors, including the chairman as well as the chairmen of the audit and remuneration committees.

INTERNAL CONTROL

The board is responsible for maintaining the effectiveness of the group's system of internal controls and for reviewing the effectiveness of such systems.

The system is intended to enable the group to identify and manage the risks inherent in its business and accordingly can provide only reasonable and not absolute assurance against material mis-statement or loss.

There is an ongoing process for identifying, evaluating and managing the key financial, operating and compliance risks faced by the group, which has been in place during the year and continues in force. This process accords with the Turnbull guidance issued in September 1999 and is regularly reviewed by the board. The process aims to identify and evaluate risks which are specific to each of its businesses; it is undertaken at a divisional level and the results co-ordinated and reviewed by the audit committee. The board reviews the effectiveness of the group's system of internal control by means of regular reports from management and from independent monitoring functions as described below.

Day to day management of the group's businesses is delegated to the chief executive and the executive directors within the financial and strategic objectives for the group as approved by the board. The chief executives of the individual businesses are accountable for the conduct and performance of their division within the agreed strategy and they are authorised to act in accordance with a system of delegated authorities which is monitored by the internal audit department and reviewed periodically by the board.

Individual businesses are responsible for complying with the group's financial reporting system which includes a comprehensive budgeting and financial reporting mechanism, providing monthly trading results, balance sheets and cash flow statements recorded against corresponding figures for the budget and the previous year. This information is reported regularly to the board in the form of management accounts. Individual businesses are also responsible for compliance with certain group policies and guidelines set out in the group's financial policies and procedures manual and the group policy manual.

The internal audit department undertakes periodic reviews of individual businesses to assess their control status. Internal and external audit report to the board on significant exceptions and internal audit follow up on these until they are resolved.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED BUSINESS MEDIA PLC

We have audited the financial statements which comprise the group profit and loss account, the balance sheets of the group and company, the group cash flow statement, the statement of group total recognised gains and losses and the reconciliation of movements in group shareholders' funds and the related notes, including the principal group subsidiaries.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities, contained within the Report of the Directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom auditing standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

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 directors' 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 or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's or group's corporate governance procedures or its risk and control procedures.

BASIS OF AUDIT 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 directors 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 affairs of the company and the group at 31 December 2001 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICEWATERHOUSECOOPERS 

Chartered Accountants and Registered Auditors

London

5 March 2002

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2001.

ACTIVITIES, BUSINESS REVIEW AND DEVELOPMENT

During 2001 the group's principal activities were in the areas of market research, news distribution and professional media. The current activities of the group are described in more detail on pages 6 to 13. During the year the company disposed of its interests in a number of businesses, including the internet service provider LineOne (a joint venture with BT) and the Megastar website, and closed Trivanti, its joint venture with Psion. Acquisitions during the year include the market research businesses Allison-Fisher International and Roper Starch, as well as a French corporate communications services company, Cyperus. The financial review on pages 14 and 15 contains details of the performance of the group and its divisions during the year, and the operating review on pages 8 to 13 gives an indication of future developments.

RESULTS FOR THE YEAR AND DIVIDENDS

The results for the year are set out in the group profit and loss account on page 30. After accounting for dividends totalling £365.1 million (including the proposed dividend of £3.4 million, a non-equity B share dividend of £324.6 million and an accrued Libor related B share dividend of £0.7 million), the balance to be transferred from reserves is £933.3 million. The directors recommend a final dividend of one penny per share for the year ended 31 December 2001 to be paid on 16 May 2002 to those shareholders on the register on 15 March 2002. An interim dividend of 11 pence per share was paid on 25 October 2001, making a total for the year of 12 pence (2000: 22.2 pence).

A dividend of 9.65 pence per B share will be paid on 24 April 2002 to holders of B shares on the register on 15 March 2002.

DIRECTORS AND THEIR INTERESTS

Biographical details of the directors in office as at 5 March 2002 are set out on page 17. The following directors held office during the year:

Sir Ronald Hampel, Clive Hollick, John Botts, Charles Gregson, Jonathan Newcomb (appointed 27 September 2001), Christopher Powell, Charles Stern (resigned 26 February 2001), Adair Turner, Geoffrey Unwin, Malcolm Wall (appointed 1 January 2001), Nigel Wilson (appointed 1 August 2001) and Fields Wicker-Miurin. Jonathan Newcomb and Nigel Wilson, both of whom have been appointed to the board since the last annual general meeting, will retire and stand for election at the forthcoming annual general meeting. Clive Hollick, Charles Gregson and Christopher Powell will retire in accordance with the company's articles of association at the annual general meeting and, being eligible, will offer themselves for re-election. Jonathan Newcomb and Christopher Powell do not have service contracts. Clive Hollick, Charles Gregson and Nigel Wilson each has a service contract which may be terminated by either party on twelve months' notice.

The interests of the directors in office at 31 December 2001 in the shares of the company and its subsidiary undertakings are set out in the remuneration report on pages 19 to 25.

No director had a material interest in any contract other than a service contract with the company or any subsidiary at any time during the year.

CHANGES IN SHARE CAPITAL

Following the sale of its television businesses to Granada Media plc (now Granada plc) in December 2000, the company returned cash of approximately £1.25 billion to shareholders by way of a capital reorganisation and consolidation. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue was sub-divided into one share of 8 23/44 pence ("B shares") and one share of 16 21/44 pence and immediately following such sub-division every issued share of 16 21/44 pence was sub-divided into 29 shares of 25/44 pence each. Every 44 shares of 25/44 pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence each and the remaining 5 undesignated shares of 25/44 pence were purchased by the company and cancelled in accordance with the provisions of the Companies Act. During the year a total of 364,937,048 B shares with a nominal value of £31.1 million and representing 37 per cent of the called up share capital were repurchased by United for consideration of £894.1 million and cancelled under the provisions of the Companies Act, and a further 132,484,195 B shares with a nominal value of £11.3 million and representing 13 per cent of the called up share capital were converted into Deferred shares of 8 23/44 pence.

During the year 1,049,836 ordinary shares were issued in connection with the exercise of options under the company's share option schemes, of which 100,000 shares were issued to the Qualifying Employee Share Trust to satisfy the exercise of options under the United SAYE Scheme and MAI Sharesave Scheme. A further 133,376 ordinary shares were issued on the conversion of the company's 6.125 per cent subordinated convertible bonds.

The issued share capital of the company at 31 December 2001 was 335,005,854 ordinary shares of 25 pence each, 10,480,642 B shares of 8 23/44 pence each, and 132,484,195 Deferred shares of 8 23/44 pence each. The ordinary shares and B shares are listed on the London Stock Exchange. The Deferred shares are unlisted.

At an extraordinary general meeting held on 6 April 2001, shareholders authorised the company to purchase up to 33,600,173 ordinary shares and up to 545,295,645 B shares. These authorities were still valid at 31 December 2001 and will expire at the conclusion of the annual general meeting to be held on 2 May 2002. Resolutions to renew them will be put to shareholders at that meeting.

POST BALANCE SHEET EVENT

On 28 January 2002 the company redeemed the outstanding £180,000,000 6.125 per cent subordinated convertible bond due 2003 at par.

EMPLOYEE INVOLVEMENT

The company believes that business success and competitive advantage are derived primarily from utilising the skills, experience and potential of all its employees. In 2001, the company has continued to initiate and roll out a wide range of initiatives to ensure it attracts, retains, rewards and develops its employees in line with best market practice.

Given the success of the company's launch of innovative flexing working arrangements – Work Choice – considerable work was undertaken during the year to encourage subsidiaries to offer their employees the benefit of this programme.

The development of managerial talent across the group remains of paramount importance, with particular focus on the skills and competences needed for short and long term business success. A year long high potential manager development programme took place in 2001, with participation from senior and middle managers from Asia, North America and Europe. Its purpose was to enable these managers to improve their business, technical and personal effectiveness and to collaborate on real business challenges to find innovative solutions.

The group has continued with its alumni programme, which seeks to maintain contact with high potential employees who leave the group with the aim of maximising its chance of re-recruiting those employees in the future.

The company remains committed to the development of a fully effective equal opportunities policy and during the year has focused attention on recognising diversity and enabling all employees – despite differences in age, gender, background or ability – to fully utilise their talents to support the achievement of organisational goals. This diversity initiative is championed at board level by an executive director, Charles Gregson, and a programme of training which started at main board level is being cascaded throughout the group.

Selection of employees is determined on their aptitude skills and ability that are relevant to the job. Should an employee become disabled during their employment, efforts are made to enable them to continue their career where possible, including appropriate retraining.

REPORT OF THE DIRECTORS

EMPLOYEE INVOLVEMENT (continued)

Employees throughout the group receive regular updates on corporate performance, business objectives and development through various formal and informal channels of communication, including local intranet sites and group meetings, in order to promote a better understanding of the group's business. Each division is responsible for deciding on the appropriate forum for and level of consultation with its employees. In March 2001 a group wide management conference was convened which enabled senior employees from all divisions and head office to meet and exchange ideas and experiences.

CORPORATE SOCIAL RESPONSIBILITY

The company recognises that social, ethical and environmental factors have an important part to play in securing long term financial success and seeks to reflect this in its corporate values and standards. In particular, the company is committed to fair treatment of all stakeholders, responsible employment policies, and support for the communities in which its businesses operate.

The company is reviewing its policy on corporate social responsibility in the light of changes to its business and in doing so will have regard to the guidelines on social responsibility issued by the ABI in October 2001. Procedures for the assessment and management of risks arising from social, ethical and environmental issues will be incorporated into the group risk mapping process which is described in more detail on page 26.

Together with other leading media organisations, the company has established the Media Sector CSR Forum which aims to identify issues of particular relevance to the media sector and to develop consensus on best practice in this area.

The company expects to report in more detail on these issues in its 2002 annual report.

The company is a member of the FTSE 4 Good Index which was established during 2001 to measure corporate social responsibility.

ENVIRONMENTAL POLICY

The group does not operate in an area of high environmental risk. Its principal environmental impact arises from energy consumption, which the company continues to monitor and to set reduction targets where practicable. The company expects overall energy consumption levels to decrease during 2002 both as a result of targeted reductions and as a consequence of the rationalisation of the group's property portfolio which is currently underway.

The company operates other appropriate environmental initiatives such as waste recycling and its procurement policy requires suppliers to observe good environmental practice.

The company's environmental policy is published on its website. The company has participated in Business in the Environment's index of corporate environmental engagement and performance since 1998.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that in preparing the financial statements for the year ended 31 December 2001 the group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are also published on the United Business Media website; the maintenance and integrity of the website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and the dissemination of financial statements may differ from legislation in other jurisdictions.

DONATIONS

In 2001 the group donated £316,000 to charitable organisations (2000: £329,000). The group made no political donations during 2001 (2000: nil).

SUBSTANTIAL SHAREHOLDINGS

As at 5 March 2002 the company had been notified of the following interests of 3 per cent or more in its issued ordinary share capital:-

	Number of ordinary shares held	Percentage of ordinary shares held
Schroder Investment Management Limited	36,522,406	10.90
FMR Corp and Fidelity International Limited	34,808,195	10.39
Franklin Resources Inc	33,560,963	10.02
Putnam Investment Management LLC	12,136,350	3.62
Deutsche Bank AG	11,510,729	3.43

CREDITOR PAYMENT POLICY

In view of the diversity of its business the group does not offer or operate a uniform timetable for payment of suppliers. Each operating company is responsible for agreeing with its own suppliers the terms and conditions on which it will transact business with them including payment terms. The group's policy is to pay suppliers in accordance with these agreed terms. The company has no trade creditors.

ANNUAL GENERAL MEETING

The annual general meeting of the company will be held on 2 May 2002. The notice of meeting and a description of the business to be transacted is contained in the accompanying document.

AUDITORS

The company's auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution for their re-appointment and on their remuneration will be proposed at the annual general meeting.

By order of the board

Anne Siddell
Secretary

5 March 2002

Registered Office:
Ludgate House
245 Blackfriars Road
London, SE1 9UY

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

Notes	Before exceptional items 2001 £m	Exceptional items (note 7) 2001 £m	Total 2001 £m	Before exceptional items 2000 £m	Exceptional items (note 7) 2000 £m	Total 2000 £m
Turnover – group and share of joint ventures						
Continuing operations	930.2	–	930.2	1,069.6	–	1,069.6
Acquisitions	29.2	–	29.2	–	–	–
	959.4	–	959.4	1,069.6	–	1,069.6
Discontinued operations	6.2	–	6.2	1,036.8	–	1,036.8
	965.6	–	965.6	2,106.4	–	2,106.4
1 Less: share of joint ventures' turnover	(33.1)	–	(33.1)	(131.4)	–	(131.4)
1 Group turnover	932.5		932.5	1,975.0		1,975.0
Group operating (loss)/profit						
Continuing operations	(61.0)	(448.9)	(509.9)	30.8	(37.4)	(6.6)
Acquisitions	(2.9)	–	(2.9)	–	–	–
	(63.9)	(448.9)	(512.8)	30.8	(37.4)	(6.6)
Discontinued operations	(15.1)	–	(15.1)	35.0	(25.2)	9.8
	(79.0)	(448.9)	(527.9)	65.8	(62.6)	3.2
5 Share of operating (loss)/ profit in joint ventures and associates						
Continuing operations	4.2	–	4.2	4.4	–	4.4
Acquisitions	(0.7)	–	(0.7)	–	–	–
	3.5	–	3.5	4.4	–	4.4
Discontinued operations	(5.4)	–	(5.4)	(23.0)	–	(23.0)
	(1.9)	–	(1.9)	(18.6)	–	(18.6)
4 Income from other fixed asset investments	4.3		4.3	4.9		4.9
1 Total operating (loss)/profit	(76.6)	(448.9)	(525.5)	52.1	(62.6)	(10.5)
(Loss)/profit on sale and closure of businesses						
Continuing operations	–	(32.9)	(32.9)	–	–	–
Discontinued operations	–	(18.6)	(18.6)	–	2,146.7	2,146.7
7	–	(51.5)	(51.5)	–	2,146.7	2,146.7
(Loss)/profit on ordinary activities before interest	(76.6)	(500.4)	(577.0)	52.1	2,084.1	2,136.2
8 Net interest income/(expense)	35.8		35.8	(43.0)		(43.0)
(Loss)/profit on ordinary activities before tax	(40.8)	(500.4)	(541.2)	9.1	2,084.1	2,093.2
9 Tax on (loss)/profit on ordinary activities	(25.0)		(25.0)	(49.6)	(201.5)	(251.1)
(Loss)/profit on ordinary activities after tax	(65.8)	(500.4)	(566.2)	(40.5)	1,882.6	1,842.1
Equity minority interests	(2.0)	–	(2.0)	(8.9)	–	(8.9)
(Loss)/profit for the financial year	(67.8)	(500.4)	(568.2)	(49.4)	1,882.6	1,833.2
11 Dividends – equity			(39.8)			(112.1)
– non-equity			(325.3)			–
			(365.1)			(112.1)
26 Retained (loss)/profit for the financial year			(933.3)			1,721.1
Earnings/(loss) per share						
12 – before amortisation of intangible assets and exceptional items			18.1p			27.4p
12 – basic			(147.3)p			365.7p
12 – diluted			(147.3)p			348.9p

BALANCE SHEETS

at 31 December 2001

Notes	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Fixed assets				
13 Intangible assets	736.8	1,105.6	-	-
14 Tangible assets	84.8	78.3	-	-
15 Investments in subsidiary undertakings	-	-	3,639.5	3,804.4
Investments in joint ventures:				
15 - share of gross assets	18.5	42.2	-	-
15 - share of gross liabilities	(3.1)	(58.7)	-	-
Loans to joint ventures	-	33.8	-	-
Investments in joint ventures	15.4	17.3	-	-
15 Investments in associated undertakings	0.2	34.7	-	-
15 Other investments	155.9	48.6	-	0.1
	993.1	1,284.5	3,639.5	3,804.5
Current assets				
16 Stocks	17.0	17.1	-	-
17 Debtors	218.7	279.8	62.4	26.3
18 Investments	2.4	3.4	-	-
18 Short term liquid funds	592.8	1,066.0	-	-
Cash at bank and in hand	353.0	1,115.2	-	-
19 Creditors: amounts falling due within one year	1,183.9 (639.2)	2,481.5 (717.5)	62.4 (52.1)	26.3 (106.2)
Net current assets/(liabilities)	544.7	1,764.0	10.3	(79.9)
Total assets less current liabilities	1,537.8	3,048.5	3,649.8	3,724.6
Creditors: amounts falling due after more than one year				
20 Bank and other loans	(424.8)	(413.0)	(424.8)	(413.0)
21 Other creditors	(23.5)	(23.7)	(2,066.0)	(608.2)
22 Convertible debt	(434.5)	(177.5)	(178.7)	(177.5)
	(882.8)	(614.2)	(2,669.5)	(1,198.7)
24 Provisions for liabilities and charges	(41.0)	(8.4)	-	-
Net assets	614.0	2,425.9	980.3	2,525.9
Capital and reserves				
25 Called up share capital	95.9	126.8	95.9	126.8
26 Share premium account	305.8	299.5	305.8	299.5
26 Merger reserve	31.3	31.3	-	-
26 Other reserves	156.2	125.0	114.5	83.3
26 Profit and loss account	22.7	1,841.3	464.1	2,016.3
Shareholders' funds (including non-equity interests)	611.9	2,423.9	980.3	2,525.9
Equity minority interests	2.1	2.0	-	-
Capital employed	614.0	2,425.9	980.3	2,525.9
Equity shareholders' funds	599.7	2,423.9	968.1	2,525.9
Non-equity shareholders' funds	12.2	-	12.2	-
Shareholders' funds	611.9	2,423.9	980.3	2,525.9

These financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 5 March 2002 and were signed on its behalf by:

Sir Ronald Hampel *Director*

Clive Hollick *Director*

GROUP CASH FLOW STATEMENT

for the year ended 31 December 2001

Notes	2001 £m	2000 £m
28 Net cash inflow from operating activities	14.7	112.0
Dividends received from joint ventures and associated undertakings	1.0	7.7
Returns on investments and servicing of finance		
Interest received	79.4	43.0
Interest paid	(55.8)	(74.6)
Dividends paid to minority shareholders	(1.9)	(5.4)
Dividends paid to non-equity shareholders	(324.6)	–
Income from other fixed asset investments	4.3	4.9
Finance costs incurred in raising debt	(4.3)	–
Net cash outflow from returns on investments and servicing of finance	(302.9)	(32.1)
Taxation		
UK corporation tax received/(paid) (including ACT)	15.3	(8.0)
Overseas tax paid	(19.4)	(73.6)
Taxation paid	(4.1)	(81.6)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(31.7)	(39.0)
Sale of tangible fixed assets	4.0	76.5
Purchase of other intangible assets	(2.4)	–
Sale of investments	1.7	6.0
Purchase of investments	(79.2)	(19.6)
Loans to joint ventures and associated undertakings	–	(37.4)
Net cash outflow from capital expenditure and financial investment	(107.6)	(13.5)
Acquisitions and disposals		
Purchase of subsidiary undertakings and businesses	(127.8)	(8.0)
Net cash acquired with subsidiary undertakings and businesses	10.4	–
Investments in joint ventures and associated undertakings	(7.3)	(80.7)
Sale of joint ventures and associated undertakings	22.3	–
Sale of subsidiary undertakings and businesses (net of cash sold)	–	3,167.1
Exceptional costs incurred on the sale and closure of operations	(5.7)	(65.3)
Net cash (outflow)/inflow from acquisitions and disposals	(108.1)	3,013.1
Equity dividends paid to shareholders	(93.2)	(111.4)
Net cash (outflow)/inflow before use of liquid resources and financing	(600.2)	2,894.2
Management of liquid resources		
Sale/(purchase) of current asset investments	469.0	(1,066.2)
Cash taken off/(put on) short term deposits	755.1	(1,059.3)
Net cash inflow/(outflow) from management of liquid resources	1,224.1	(2,125.5)
Financing		
Issue of ordinary share capital	6.6	29.5
Return of capital to shareholders (including costs)	(901.3)	–
Issue of convertible bond	274.8	–
Repurchase of bond	(14.6)	–
Increase/(decrease) in bank loans	0.2	(785.1)
Repayment of loan stock	(1.7)	(3.2)
Net cash outflow from financing	(636.0)	(758.8)
(Decrease)/increase in cash in the period	(12.1)	9.9
	2001 £m	2000 £m
Reconciliation of net cash flow to movement in net cash/(debt)		
(Decrease)/increase in cash in the period	(12.1)	9.9
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing (including finance costs)	(254.2)	788.3
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(1,224.1)	2,125.5
Changes in net (debt)/cash resulting from cash flows	(1,490.4)	2,923.7
Movement in net cash from sale and purchase of subsidiaries	–	1.2
Other non-cash movements	(2.0)	(1.3)
Translation difference	(11.3)	(65.9)
Movement in net (debt)/cash in period	(1,503.7)	2,857.7
Opening net cash/(debt)	1,553.0	(1,304.7)
Closing net cash	49.3	1,553.0

Liquid resources include term deposits and government and corporate securities.

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001

	2001 £m	2000 £m
(Loss)/profit for the financial year	(568.2)	1,833.2
Unrealised profit on the sale of assets to associated undertaking	–	4.0
Currency translation differences on foreign currency net investments:		
Group	16.2	29.1
Joint ventures	(0.1)	(0.2)
Associates	(0.1)	(2.4)
	16.0	26.5
Total gains and losses recognised since last annual report	(552.2)	1,863.7

The historical cost result is not materially different from the reported (loss)/profit in either year.

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

for the year ended 31 December 2001

	2001 £m	2000 £m
Opening shareholders' funds	2,423.9	642.8
(Loss)/profit for the financial year	(568.2)	1,833.2
Equity dividends	(39.8)	(112.1)
Non-equity dividends on B shares (see note 11)	(325.3)	–
	1,490.6	2,363.9
Other recognised gains relating to the year	16.0	30.5
New share capital subscribed	6.6	29.5
Return of capital to shareholders (see note 25)	(901.3)	–
Closing shareholders' funds	611.9	2,423.9

GROUP ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, on a basis consistent with prior years and in accordance with applicable Accounting Standards in the United Kingdom.

FRS18 – Accounting Policies has been adopted in the current year. This did not require any changes to the existing accounting policies. In addition, the applicable transitional sections of FRS17 – Retirement Benefits were adopted during the year and the required disclosures are set out in note 32. The group has not elected early adoption of FRS19 – Deferred Tax.

CONSOLIDATION

The group financial statements include the financial statements of the company and all its subsidiaries, made up to 31 December, or within one week of that date, together with the group's share of the results for the year and of the book values of the net assets and attributable goodwill of joint ventures and associates. The results of subsidiaries and joint ventures and associates acquired or sold during the year are included from or to the effective date of acquisition or disposal.

TURNOVER

Turnover, which is stated net of trade discounts, VAT and other sales related taxes, is recognised as follows:

Publishing: advertising revenue is recognised on completion and issue of the publication.

Exhibitions: revenue is recognised when the show has been completed. Deposits received in advance are recorded as deferred income in the balance sheet.

Market research: revenue is recognised on a completed contract basis. Work in progress amounts are recorded in the balance sheet at cost. Syndicated revenues are recognised on completion and any subsequent sales are recognised as they arise.

News distribution: revenue is recognised on message delivery.

GOODWILL AND INTANGIBLE FIXED ASSETS

Purchased goodwill is capitalised as an intangible asset and amortised on a straight-line basis over its estimated useful life, which the directors view as being a period generally between six and twenty years based on the nature, age and stability of the industry in which the business operates. Where a business is sold, or where goodwill is considered to have been impaired, the net book value of goodwill or the amount of impaired goodwill, as applicable, is charged through the profit and loss account as part of the profit or loss on disposal or through operating profit in the year of impairment.

Impairment reviews are carried out at the end of the first full financial year after acquisition and on the occurrence of any event or change in circumstances indicating that there may have been a decline in the carrying value or change in useful life.

Other intangible assets comprise certain product rights including licences and related costs, which are amortised over the shorter of their useful lives or the licence period; and publishing rights and titles and purchased Internet domain names and websites, which are amortised on a straight line basis over their estimated useful lives, not exceeding two years.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets except freehold land. Depreciation rates are calculated so that assets are written down to residual value in equal annual instalments over their expected useful lives, which are as follows:

Freehold buildings and long leasehold property	10-70 years
Short leasehold property	Term of lease
General plant, machinery and equipment	5-20 years
Computer equipment	3 years
Motor vehicles	3-5 years

Software costs are written off as incurred, except for purchases from third parties in respect of major systems. In such cases, the costs are written off over the expected useful life of the asset, not exceeding five years from the date of implementation of the software.

INVESTMENTS

Listed and unlisted investments are stated at the lower of cost and market value or directors' valuation. Investments in subsidiaries included in the company's balance sheet are stated at cost or nominal value of shares issued where merger relief is taken, less any provision for impairment. Investments in companies where the group both has a participating interest and exercises significant influence over the entity's financial and operating policies (through board representation and participation in financial and operating policy decisions) are included as associates under the equity method of accounting. Similarly, investments in companies where the group holds a long-term interest that arises as a result of a contractual arrangement and is jointly controlled by the group and other venturers are included as joint ventures under the gross equity method of accounting. The figures included in the financial statements are based on audited accounts, adjusted where necessary by reference to management accounts for the period up to 31 December. Where the accounting policies of associates and/or joint ventures do not conform in all material respects to those of the group, adjustments are made on consolidation.

STOCKS

Stocks and work in progress are valued on the first in first out basis at the lower of cost and net realisable value. Cost comprises materials, direct labour and a proportion of attributable production and other overheads.

DEFERRED TAX

Deferred tax represents corporation tax, calculated on the liability basis, deferred by accelerated capital allowances and other timing differences, to the extent that the liabilities are regarded as likely to crystallise in the foreseeable future. Full provision is made in respect of pension costs accounted for in accordance with SSAP 24.

GROUP ACCOUNTING POLICIES

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. The trading results of foreign subsidiary undertakings are translated into sterling at the average rate for the year. Differences arising on the retranslation of investments, including goodwill, in foreign subsidiary undertakings and related net foreign currency borrowings, and from the translation of the results of those companies at average rates, are taken to reserves, and are reported in the statement of total recognised gains and losses. All other differences are taken to the profit and loss account.

PENSION COSTS

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employee's service. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the relevant scheme.

OPERATING LEASES

Operating lease rentals are charged to the profit and loss account as they arise.

FINANCIAL INSTRUMENTS

The group currently uses several types of financial instruments as part of an overall risk management strategy. It does not enter into financial instruments for speculative purposes. The accounting treatment adopted depends upon the risk that is being hedged. Interest rate risk associated with net debt is managed centrally by using fixed rate borrowings and financial instruments such as interest rate swaps. Interest differentials under interest rate swaps, forward rate agreements, caps and collars are recognised by adjustment of the underlying interest receivable or payable over the term of the agreement and as such are accrued to the profit and loss account on a time apportioned basis. To mitigate the effect of currency translation risks relating to foreign currency denominated net assets, the group uses foreign currency borrowings where appropriate to provide an economic hedge. Gains and losses arising on overseas net assets and the financial instruments used to hedge the associated currency risks are taken to reserves and are reported in the statement of total recognised gains and losses (see Foreign currencies above). Currency net transaction risks on monetary assets and liabilities and forecast trading flows of the group are hedged in all material respects as they arise, generally using forward foreign exchange contracts. Any gains or losses arising on such arrangements are deferred and recognised in operating profit or as adjustments to carrying amount when the hedged transaction has itself been reflected in the group's financial statements upon maturity of the contract. The forward premium or discount for these contracts is not accounted for as interest but as part of the hedge achieved. If underlying forecast flows do not materialise as envisaged, the hedges are either reversed or swapped forward to a future financing period. The adjusting hedges are then accounted for through the profit and loss account to match the revised underlying exposure being hedged. Currency options may be purchased to hedge forecast trading flows. These are accounted for in the same manner as the forward foreign exchange contracts above except that the premium paid is deferred to the point of exercise or lapse of the option. Further information on the accounting policy for financial instruments can be found in note 23.

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS ANALYSIS	Group 2001 £m	Group share of joint ventures 2001 £m	Group 2000 £m	Group share of joint ventures 2000 £m
Turnover by division				
Continuing operations:				
Market research	172.2	–	162.1	–
News distribution	127.2	8.4	131.4	8.7
Professional media	544.7	20.3	694.7	11.6
Business to business media	844.1	28.7	988.2	20.3
Consumer media	57.4	–	61.1	–
Continuing operations	901.5	28.7	1,049.3	20.3
Acquisitions:				
Market Research	22.7	–	–	–
News distribution	0.8	0.2	–	–
Professional media	5.5	–	–	–
Acquisitions	29.0	0.2	–	–
	930.5	28.9	1,049.3	20.3
Discontinued operations:				
Professional media	2.0	4.2	166.1	27.7
Consumer media	–	–	759.6	83.4
Discontinued operations	2.0	4.2	925.7	111.1
	932.5	33.1	1,975.0	131.4
by geographic market				
United Kingdom	234.2	8.4	921.1	92.9
North America	625.0	21.3	948.2	17.4
Europe and Middle East	28.8	0.2	59.1	18.0
Pacific	44.5	3.2	46.6	3.1
	932.5	33.1	1,975.0	131.4

Further details on acquisitions are given in note 30.

Turnover analysis is based on turnover by origin. Turnover by destination would not be materially different.

	2001 £m	2000 £m
Net operating assets by division		
Market research	131.7	59.7
News distribution	71.8	80.2
Professional media	436.0	932.0
Business to business media	639.5	1,071.9
Consumer media	9.9	77.2
	649.4	1,149.1
by geographic market		
United Kingdom	71.7	295.1
North America	544.1	823.9
Europe and Middle East	10.3	17.6
Pacific	23.3	12.5
	649.4	1,149.1
Reconciliation of net operating assets to net assets		
Net operating assets	649.4	1,149.1
Investments	761.6	1,075.2
Corporation tax	(247.2)	(225.2)
Net (borrowings)/cash	(545.7)	483.6
Proposed dividend	(4.1)	(56.8)
Net assets	614.0	2,425.9

Discontinued operations in 2001 include UK online business to business and business to customer activities which have been disposed or closed. As a result of the reduced significance of the online activities of the group, continuing online activities are no longer managed separately but have been re-integrated with the principal business lines and the 2000 results have been re-presented on this basis. This re-presentation has increased the amounts shown for 2000 continuing turnover above by £9.8 million for news distribution, £27.9 million for professional media and £0.4 million for consumer media. Within discontinued operations, group turnover in professional media was increased by £8.7 million, joint venture turnover was increased by £9.5 million, and group turnover in consumer media was increased by £0.5 million. The re-presentation of 2000 net operating assets above, decreased the amount shown by £3.4 million for news distribution and increased the amount shown by £118.4 million for professional media and £13.7 million for consumer media.

NOTES TO THE FINANCIAL STATEMENTS

	Group 2001 £m	Group share of joint ventures 2001 £m	Group share of associates 2001 £m	Subtotal 2001 £m	Exceptional items 2001 £m	Total 2001 £m
1. BUSINESS ANALYSIS (continued)						
*Operating profit before amortisation of intangible assets by division						
Continuing operations:						
Market research	20.7	(0.1)	–	20.6	(7.2)	13.4
News distribution	33.6	2.9	–	36.5	(6.4)	30.1
Professional media	11.4	1.6	–	13.0	(63.9)	(50.9)
Business to business media	65.7	4.4	–	70.1	(77.5)	(7.4)
Consumer media	9.4	–	–	9.4	(1.4)	8.0
Continuing operations	75.1	4.4	–	79.5	(78.9)	0.6
Acquisitions:						
Market research	3.3	–	–	3.3	–	3.3
News distribution	(0.8)	0.1	–	(0.7)	–	(0.7)
Professional media	(1.0)	–	–	(1.0)	–	(1.0)
Acquisitions	1.5	0.1	–	1.6	–	1.6
Discontinued operations (note 1a)	(15.0)	(3.8)	(1.3)	(20.1)	–	(20.1)
*Operating profit before amortisation of intangible assets	61.6	0.7	(1.3)	61.0	(78.9)	(17.9)
Amortisation of intangible assets	(136.3)	(1.0)	(0.3)	(137.6)	(370.0)	(507.6)
*Operating profit/(loss) by division						
Continuing operations:						
Market research	17.3	(0.1)	–	17.2	(7.2)	10.0
News distribution	29.1	2.9	–	32.0	(6.4)	25.6
Professional media	(111.5)	1.4	–	(110.1)	(433.9)	(544.0)
Business to business media	(65.1)	4.2	–	(60.9)	(447.5)	(508.4)
Consumer media	8.4	–	–	8.4	(1.4)	7.0
Continuing operations	(56.7)	4.2	–	(52.5)	(448.9)	(501.4)
Acquisitions:						
Market research	(0.6)	–	–	(0.6)	–	(0.6)
News distribution	(1.2)	(0.7)	–	(1.9)	–	(1.9)
Professional media	(1.1)	–	–	(1.1)	–	(1.1)
Acquisitions	(2.9)	(0.7)	–	(3.6)	–	(3.6)
Discontinued operations (note 1a)	(15.1)	(3.8)	(1.6)	(20.5)	–	(20.5)
*Operating loss	(74.7)	(0.3)	(1.6)	(76.6)	(448.9)	(525.5)
Non-operating exceptional items						(51.5)
Net interest income						35.8
Loss on ordinary activities before tax						(541.2)
by geographic market						
United Kingdom	(32.4)	(3.4)	(1.6)	(37.4)	(94.4)	(131.8)
North America	(62.8)	3.9	–	(58.9)	(354.5)	(413.4)
Europe and Middle East	7.9	(0.8)	–	7.1	–	7.1
Pacific	12.6	–	–	12.6	–	12.6
*Operating loss	(74.7)	(0.3)	(1.6)	(76.6)	(448.9)	(525.5)
Non-operating exceptional items						(51.5)
Net interest income						35.8
Loss on ordinary activities before tax						(541.2)

*Includes income from other fixed asset investments

As detailed in note 15, certain joint ventures and associates have been reclassified as other fixed asset investments with effect from 1 January 2001.

The re-presentation of online has reduced the amounts shown for 2000 in continuing operations after amortisation above by £1.1 million in news distribution, £44.1 million in professional media and £2.4 million in consumer media. Within discontinued operations, professional media was reduced by £72.9 million including £17.3 million relating to joint ventures and consumer media was reduced by £9.4 million. See previous page for further details.

Further details on acquisitions are given in note 30.

NOTES TO THE FINANCIAL STATEMENTS

	Group 2000 £m	Group share of joint ventures 2000 £m	Group share of associates 2000 £m	Subtotal 2000 £m	Exceptional items 2000 £m	Total 2000 £m
1. BUSINESS ANALYSIS (continued)						
*Operating profit before amortisation of intangible assets by division						
Continuing operations:						
Market Research	22.6	-	-	22.6	-	22.6
News distribution	36.8	2.8	-	39.6	(4.7)	34.9
Professional media	88.5	1.7	-	90.2	(30.5)	59.7
Business to business media	147.9	4.5	-	152.4	(35.2)	117.2
Consumer media	9.0	-	-	9.0	(2.2)	6.8
Continuing operations	156.9	4.5	-	161.4	(37.4)	124.0
Acquisitions:						
Market Research	-	-	-	-	-	-
News distribution	-	-	-	-	-	-
Professional media	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
	156.9	4.5	-	161.4	(37.4)	124.0
Discontinued operations (note 1a)	81.4	(3.9)	(0.2)	77.3	(25.2)	52.1
*Operating profit before amortisation of intangible assets	238.3	0.6	(0.2)	238.7	(62.6)	176.1
Amortisation of intangible assets	(167.6)	(0.2)	(18.8)	(186.6)	-	(186.6)
*Operating profit by division						
Continuing operations:						
Market Research	19.7	-	-	19.7	-	19.7
News distribution	32.7	2.8	-	35.5	(4.7)	30.8
Professional media	(24.7)	1.6	-	(23.1)	(30.5)	(53.6)
Business to business media	27.7	4.4	-	32.1	(35.2)	(3.1)
Consumer media	8.0	-	-	8.0	(2.2)	5.8
Continuing operations	35.7	4.4	-	40.1	(37.4)	2.7
Market Research	-	-	-	-	-	-
News distribution	-	-	-	-	-	-
Professional media	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
	35.7	4.4	-	40.1	(37.4)	2.7
Discontinued operations (note 1a)	35.0	(4.0)	(19.0)	12.0	(25.2)	(13.2)
*Operating profit	70.7	0.4	(19.0)	52.1	(62.6)	(10.5)
Non-operating exceptional items						2,146.7
Net interest expense						(43.0)
Profit on ordinary activities before tax						2,093.2
by geographic market						
United Kingdom	2.3	(8.1)	(17.8)	(23.6)	(34.9)	(58.5)
North America	59.3	2.2	(4.1)	57.4	(27.7)	29.7
Europe and Middle East	(1.1)	6.0	-	4.9	-	4.9
Pacific	10.2	0.3	2.9	13.4	-	13.4
*Operating profit/(loss)	70.7	0.4	(19.0)	52.1	(62.6)	(10.5)
Non-operating exceptional items						2,146.7
Net interest expense						(43.0)
Profit on ordinary activities before tax						2,093.2

* Includes income from other fixed asset investments

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS ANALYSIS (continued)	Group 2001 £m	Group share of joint ventures 2001 £m	Group share of associates 2001 £m	Subtotal 2001 £m	Exceptional items 2001 £m	Total 2001 £m
(a) Analysis of discontinued operations						
Operating profit before amortisation of intangible assets by division						
Professional media	(15.0)	(3.8)	(1.3)	(20.1)	–	(20.1)
Discontinued operations	(15.0)	(3.8)	(1.3)	(20.1)	–	(20.1)
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Amortisation of intangible assets	(0.1)	–	(0.3)	(0.4)	–	(0.4)
<hr/>						
*Operating profit by division						
Professional media	(15.1)	(3.8)	(1.6)	(20.5)	–	(20.5)
Discontinued operations	(15.1)	(3.8)	(1.6)	(20.5)	–	(20.5)

	Group 2000 £m	Group share of joint ventures 2000 £m	Group share of associates 2000 £m	Subtotal 2000 £m	Exceptional items 2000 £m	Total 2000 £m
Operating profit before amortisation of intangible assets by division						
Professional media	(14.5)	(4.8)	(4.4)	(23.7)	(0.2)	(23.9)
Consumer media	95.9	0.9	4.2	101.0	(25.0)	76.0
Discontinued operations	81.4	(3.9)	(0.2)	77.3	(25.2)	52.1
<hr/>						
Amortisation of intangible assets	(46.4)	(0.1)	(18.8)	(65.3)	–	(65.3)
<hr/>						
Operating profit by division						
Professional media	(26.0)	(4.9)	(6.2)	(37.1)	(0.2)	(37.3)
Consumer media	61.0	0.9	(12.8)	49.1	(25.0)	24.1
Discontinued operations	35.0	(4.0)	(19.0)	12.0	(25.2)	(13.2)

NOTES TO THE FINANCIAL STATEMENTS

2. RECONCILIATION OF OPERATING PROFIT BEFORE AMORTISATION AND EXCEPTIONALS TO (LOSS)/PROFIT BEFORE TAX	2001 £m	2000 £m
Operating profit before amortisation of intangible assets and exceptional items	61.0	238.7
Net interest income/(expense)	35.8	(43.0)
Amortisation of intangible assets		
– Group	(136.3)	(167.6)
– Joint ventures and associates	(1.3)	(19.0)
Exceptional items charged to operating profit		
– Impairment of goodwill (see note 13)	(370.0)	–
– Other	(78.9)	(62.6)
Exceptional items (charged)/credited to (loss)/profit before tax	(51.5)	2,146.7
(Loss)/profit before tax	(541.2)	2,093.2

3. OPERATING COSTS	Before exceptional Items Continuing 2001 £m	Before exceptional Items Acquisitions 2001 £m	Before exceptional Items Total Continuing 2001 £m	Before exceptional Items Discontinued 2001 £m	Before exceptional Items Total 2001 £m	Exceptional Items 2001 £m	Total 2001 £m
Changes in stocks of finished goods and work in progress	(0.5)	(0.8)	(1.3)	–	(1.3)	–	(1.3)
Other operating income	6.1	–	6.1	–	6.1	–	6.1
Raw materials and consumables	(114.0)	(8.9)	(122.9)	–	(122.9)	–	(122.9)
Other external charges	(371.9)	(7.7)	(379.6)	(14.0)	(393.6)	(55.5)	(449.1)
Staff costs	(327.2)	(10.0)	(337.2)	(3.0)	(340.2)	(23.4)	(363.6)
	(807.5)	(27.4)	(834.9)	(17.0)	(851.9)	(78.9)	(930.8)
Depreciation of tangible assets	(23.3)	–	(23.3)	–	(23.3)	–	(23.3)
Amortisation of intangible assets – group	(131.7)	(4.5)	(136.2)	(0.1)	(136.3)	(370.0)	(506.3)
Depreciation and amortisation written off tangible and intangible fixed assets	(155.0)	(4.5)	(159.5)	(0.1)	(159.6)	(370.0)	(529.6)
	(962.5)	(31.9)	(994.4)	(17.1)	(1,011.5)	(448.9)	(1,460.4)

	Before exceptional items Continuing 2000 £m	Before exceptional items Acquisitions 2000 £m	Before exceptional items Total Continuing 2000 £m	Before exceptional items Discontinued 2000 £m	Before exceptional items Total 2000 £m	Exceptional items 2000 £m	Total 2000 £m
Changes in stocks of finished goods and work in progress	1.1	–	1.1	–	1.1	–	1.1
Other operating income	11.4	–	11.4	–	11.4	–	11.4
Raw materials and consumables	(99.4)	–	(99.4)	(143.1)	(242.5)	–	(242.5)
Other external charges	(463.3)	–	(463.3)	(516.1)	(979.4)	(61.6)	(1,041.0)
Staff costs	(325.7)	–	(325.7)	(166.9)	(492.6)	(1.0)	(493.6)
	(875.9)	–	(875.9)	(826.1)	(1,702.0)	(62.6)	(1,764.6)
Depreciation of tangible assets	(21.4)	–	(21.4)	(18.2)	(39.6)	–	(39.6)
Amortisation of intangible assets – group	(121.2)	–	(121.2)	(46.4)	(167.6)	–	(167.6)
Depreciation and amortisation written off tangible and intangible fixed assets	(142.6)	–	(142.6)	(64.6)	(207.2)	–	(207.2)
	(1,018.5)	–	(1,018.5)	(890.7)	(1,909.2)	(62.6)	(1,971.8)

At 2001 exchange rates, continuing staff costs in 2000 would have been £337.7 million.

NOTES TO THE FINANCIAL STATEMENTS

	Before exceptional items Continuing 2001 £m	Before exceptional items Discontinued 2001 £m	Before exceptional items Total 2001 £m	Exceptional items 2001 £m	Total 2001 £m
3. OPERATING COSTS (continued)					
Included within other external charges:					
Operating lease charges					
– hire of plant, machinery and vehicles	(5.1)	–	(5.1)	–	(5.1)
– property	(36.4)	(0.2)	(36.6)	–	(36.6)
Auditors' remuneration – as auditors (company £10,000)	(0.7)	–	(0.7)	–	(0.7)

	2000 £m	2000 £m	2000 £m	2000 £m	2000 £m
Included within other external charges:					
Operating lease charges					
– hire of plant, machinery and vehicles	(6.6)	(1.9)	(8.5)	–	(8.5)
– property	(33.6)	(5.2)	(38.8)	–	(38.8)
Auditors' remuneration – as auditors (company £10,000)	(0.5)	(0.1)	(0.6)	–	(0.6)

Non-audit fees paid to PricewaterhouseCoopers in the year totalled £4.0 million (2000: £13.3 million), including £0.3 million charged as exceptional items relating to the Group Process Review (2000: £6.5 million) and £3.7 million (2000: £3.7 million) in respect of taxation services and support to other corporate activity.

Professional firms are selected to provide advisory services on the basis of their relevant experience and expertise. For major projects, it is the group's policy to undertake a competitive tendering process. In certain circumstances, for example for reasons of confidentiality or knowledge of the group's businesses and structures, it is appropriate to employ the group's auditors to provide such services without a competitive tender being undertaken.

4. INCOME FROM FIXED ASSET INVESTMENTS	2001 £m	2000 £m
Income from unlisted investments	4.3	4.9

5. SHARE OF OPERATING (LOSS)/PROFIT IN JOINT VENTURES AND ASSOCIATES (BEFORE EXCEPTIONAL ITEMS)	2001 £m	2000 £m
Joint ventures and associates within continuing operations	4.4	4.5
Joint ventures and associates within acquisitions	0.1	–
	4.5	4.5
Joint ventures and associates within discontinued operations	(5.1)	(4.1)
Amortisation of goodwill	(1.3)	(19.0)
	(1.9)	(18.6)

6. NEW VENTURES

Investments previously classified as new ventures are now included under fixed asset investments. See note 15.

NOTES TO THE FINANCIAL STATEMENTS

7. EXCEPTIONAL ITEMS	2001 £m	2000 £m
Charged to operating profits:		
Continuing operations:		
Costs of integration of acquired businesses	(5.1)	(3.8)
Group Process Review costs*	(9.0)	(11.5)
Other restructuring costs**	(64.8)	(22.1)
Goodwill impairment (see note 13)	(370.0)	–
Continuing operations	(448.9)	(37.4)
Discontinued operations:		
Costs of abandoned merger	–	(19.6)
Group Process Review costs*	–	(5.4)
Other restructuring costs**	–	(0.2)
Discontinued operations	–	(25.2)
Total charged to operating profit	(448.9)	(62.6)
Profits/(loss) on sale and closure of businesses		
Sale of professional media businesses	–	591.6
Sale of consumer media businesses	–	1,555.1
(Loss)/profits on sale or closure of businesses***	(51.5)	–
	(51.5)	2,146.7
Total (charged)/credited to (loss)/profit on ordinary activities before tax	(500.4)	2,084.1
Tax on exceptional items:		
(Loss)/profits on sale and closure of businesses	–	201.5
	–	201.5

*The Group Process Review is a programme that aims to achieve operating efficiencies through re-engineering of systems and processes within the business. All remaining projects have been completed during 2001.

** Other restructuring costs in 2001 relate to the provision for vacant properties and redundancy costs resulting from the restructuring and other cost reduction and business re-engineering programmes in 2001. In 2000, the costs comprised reorganisation and restructuring costs arising from the refocusing of United as a business to business media group.

*** Loss on sale or closure of businesses includes the loss on sale or closure of a number of UK online based business to business and business to consumer activities and includes goodwill and investment writedowns together with provisions for planned future closures and disposals. Of the loss on sale or closure, £32.9 million relates to continuing operations and £18.6 million related to discontinued businesses. The analysis by business segment is: £0.9 million – market research, £3.6 million – news distribution and £47.0 million – professional media.

8. NET INTEREST INCOME/(EXPENSE)	2001 £m	2000 £m
Interest receivable	87.4	43.1
Interest payable		
– on bank loans and overdrafts	(1.8)	(25.2)
– on other loans	(49.2)	(47.1)
Group	36.4	(29.2)
Share of joint ventures	(0.6)	(2.8)
Share of associates	–	(11.0)
	35.8	(43.0)

Interest receivable includes £7.4 million (2000: £6.0 million) of interest receivable from Channel 5 in respect of shareholder loans.

NOTES TO THE FINANCIAL STATEMENTS

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2001 £m	2000 £m
UK corporation tax at 30.0% (2000: 30.0%)	(1.0)	9.6
Overseas corporation tax	24.7	243.2
Tax relating to share of profit of joint ventures	1.3	1.5
Tax relating to share of (losses) of associates	-	(3.2)
	25.0	251.1

10. (LOSS)/PROFIT FOR THE FINANCIAL YEAR OF THE COMPANY

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented. A loss of £(285.8) million (2000: profit of £1,859.2 million) has been included within the group results and dealt with in the financial statements of the company.

11. DIVIDENDS	2001 £m	2000 £m
Equity dividends		
Ordinary shares:		
Interim of 11.0p (2001: 11.0p)	36.4	55.3
Proposed final of 1.0p (2000: 11.2p)	3.4	56.8
Non-equity dividends – B shares	325.3	-
	365.1	112.1

The non-equity dividend represents the single dividend of 245 pence per share paid to the holders of 132,484,195 B shares who elected for this option, together with the accrual for the Libor related dividend of £0.7 million on 10,480,642 B shares remaining in issue (see note 25).

12. EARNINGS/(LOSS) PER SHARE	2001 Earnings/ (loss) £m	2001 Weighted average number of shares million	2001 Earnings/ (loss) per share pence	2000 Earnings/ (loss) £m	2000 Weighted average number of shares million	2000 Earnings/ (loss) per share pence
Earnings per share before amortisation of intangible assets and exceptional items	69.8	385.7	18.1	137.2	501.2	27.4
Adjustment in respect of amortisation of intangible assets	(137.6)	-	(35.7)	(186.6)	-	(37.2)
Adjustment in respect of exceptional items	(500.4)	-	(129.7)	1,882.6	-	375.5
Basic earnings/(loss) per share	(568.2)	385.7	(147.3)	1,833.2	501.2	365.7
Effect of dilutive securities:						
Options	-	-	-	-	2.6	(1.8)
Convertible debt	-	-	-	7.7	23.8	(15.0)
Diluted earnings/(loss) per share	(568.2)	385.7	(147.3)	1,840.9	527.6	348.9

Earnings per share before amortisation of intangible assets and exceptional items are presented as the directors consider that this presents a meaningful measure of the performance of the group.

For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The group has three categories of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year, those shares which may be issued under the LTIP and shares attributable to convertible debt. No adjustment has been made for the dilutive impact in 2001 as this would increase reported earnings per share. The impact of dilutive securities in 2001 would be to increase earnings by £7.6 million for convertible debt and to increase weighted average shares by 1.2 million shares for employee share options and 23.7 million shares for convertible debt.

NOTES TO THE FINANCIAL STATEMENTS

13. INTANGIBLE FIXED ASSETS	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 January 2001	1,633.1	14.8	1,647.9
Currency translation	29.0	0.1	29.1
Additions	128.4	2.4	130.8
Disposals	(48.6)	–	(48.6)
At 31 December 2001	1,741.9	17.3	1,759.2
Amortisation			
At 1 January 2001	528.4	13.9	542.3
Currency translation	3.0	0.1	3.1
Charge for the year	504.9	1.4	506.3
Disposals	(29.3)	–	(29.3)
At 31 December 2001	1,007.0	15.4	1,022.4
Net book amount			
At 31 December 2001	734.9	1.9	736.8
At 31 December 2000	1,104.7	0.9	1,105.6

Included within the charge for the year is an exceptional charge of £370.0 million relating to impairment of goodwill. The directors have considered the carrying value of the group's purchased goodwill, and, in the light of current market conditions, have made a provision for impairment. In determining the amount of the impairment, which has been calculated on a net realisable value basis, the directors have considered a number of factors, including the current and prospective revenues, earnings and cash flows from the businesses.

14. TANGIBLE FIXED ASSETS	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
Group			
Cost			
At 1 January 2001	63.1	146.6	209.7
Currency translation	0.9	1.3	2.2
On acquisition of subsidiary undertakings and businesses	0.8	0.7	1.5
Additions	11.9	19.8	31.7
Disposals	(9.3)	(18.7)	(28.0)
At 31 December 2001	67.4	149.7	217.1
Depreciation			
At 1 January 2001	27.1	104.3	131.4
Currency translation	0.4	0.2	0.6
Charge for the year	3.2	20.1	23.3
Disposals	(4.7)	(18.3)	(23.0)
At 31 December 2001	26.0	106.3	132.3
Net book amount			
At 31 December 2001	41.4	43.4	84.8
At 31 December 2000	36.0	42.3	78.3

	2001 £m	2000 £m
Land and buildings at net book amount comprise:		
Freehold	15.8	18.3
Long leasehold	1.3	0.1
Short leasehold	20.3	17.6
	37.4	36.0

NOTES TO THE FINANCIAL STATEMENTS

15. FIXED ASSET INVESTMENTS	Unlisted £m	Loans to unlisted £m	Goodwill £m	Total £m
Group				
Joint ventures				
Cost				
At 1 January 2001	(19.0)	33.8	11.7	26.5
Currency translation	(0.2)	–	–	(0.2)
Additions	–	3.0	4.0	7.0
Transfers to subsidiary undertakings	(0.1)	–	–	(0.1)
Transfers to other fixed asset investments	(0.4)	(7.8)	(0.6)	(8.8)
Disposals	32.2	(29.0)	(8.0)	(4.8)
Dividends	(1.0)	–	–	(1.0)
Share of profits less losses	(1.2)	–	–	(1.2)
At 31 December 2001	10.3	–	7.1	17.4
Amortisation				
At 1 January 2001			9.2	9.2
Currency translation			(0.1)	(0.1)
Transfers to other fixed asset investments			(0.1)	(1.0)
Disposals			(8.0)	(8.0)
Charge for the year			1.0	1.0
At 31 December 2001			2.0	2.0
Net book amount				
At 31 December 2001	10.3	–	5.1	15.4
At 31 December 2000	(19.0)	33.8	2.5	17.3

	Unlisted £m	Loans to unlisted £m	Goodwill £m	Total £m
Group				
Associated undertakings				
Cost				
At 1 January 2001	(133.6)	76.0	112.3	54.7
Additions	0.3	–	–	0.3
Disposals	0.6	–	(8.0)	(7.4)
Transfer to other fixed asset investments	134.2	(76.0)	(104.3)	(46.1)
Share of profits less losses	(1.3)	–	–	(1.3)
At 31 December 2001	0.2	–	–	0.2
Amortisation				
At 1 January 2001			20.0	20.0
Transfer to other fixed asset investments			(18.4)	(18.4)
Disposals			(1.9)	(1.9)
Charge for the year			0.3	0.3
At 31 December 2001			–	–
Net book amount				
At 31 December 2001	0.2	–	–	0.2
At 31 December 2000	(133.6)	76.0	92.3	34.7

Certain of the group's investments which were previously classified as associated undertakings and joint ventures have been reclassified as fixed asset investments with effect from 1 January 2001. Following the disposal of the group's broadcasting businesses during 2000, the nature of the group's commercial relationships and its board representation, and consequently its level of influence has changed in respect of businesses that were formerly managed within the broadcasting division. These businesses comprise Channel 5 Television Group Limited, Independent Television News Limited and SDN Limited. The group's investment in SIS (Holdings) Limited was reclassified to fixed asset investments during 2000. Additionally, the level of influence exerted by the group over two further investments, Paperloop.com, Inc. and Creative Planet, Inc is not considered sufficient to meet the requirements of FRS9. Accordingly, these investments have also been reclassified to fixed asset investments. The group does not consider that these investments are core to its ongoing activities.

NOTES TO THE FINANCIAL STATEMENTS

15. FIXED ASSET INVESTMENTS (continued)

	Type of business	Country of incorporation/ registration	Class of shares held	Shareholding %	Accounting Year end
Principal fixed asset investments are as follows:					
Joint ventures:					
Canada Newswire Limited	News distribution	Canada	Partnership	50.0%	31 December
ANP Pers Support	News distribution	Netherlands	Partnership	50.0%	31 December
Panamerican Leather fair LLC	Exhibitions	USA	Ordinary	50.0%	31 December
EMedia Asia Limited	Exhibitions and publications	Barbados	Ordinary	39.9%	31 December
Other fixed asset investments:					
Channel 5 Television Group Limited	Broadcasting	Great Britain	Ordinary	35.37%	31 December
Paperloop.com, Inc.	Internet business	USA	Ordinary	39.4%	31 December
SDN Limited	Multiplex Operator	Great Britain	Ordinary	33.3%	31 December
Independent Television News Limited	Broadcasting	Great Britain	Ordinary	20.0%	31 December

There are no listed joint ventures associates.

	Listed investments £m	Loans to unlisted £m	Unlisted investments £m	Total unlisted £m	Investment in own shares £m	Total £m
Investments: other						
At 1 January 2001	0.3	–	38.8	38.8	9.5	48.6
Currency translation	–	–	0.1	0.1	–	0.1
Additions	–	86.5	15.6	102.1	–	102.1
On acquisition of subsidiary undertaking	–	–	1.6	1.6	–	1.6
Transfer from joint ventures	–	7.8	0.9	8.7	–	8.7
Transfer from associated undertakings	–	76.0	(48.3)	27.7	–	27.7
Transfer from debtors	–	24.9	–	24.9	–	24.9
Disposals	(0.1)	–	(55.5)	(55.5)	(2.2)	(57.8)
At 31 December 2001	0.2	195.2	(46.8)	148.4	7.3	155.9

Additions to unlisted investments include additional shareholder loans to Channel 5.

The market value of other listed investments at 31 December 2001 was £1.0 million (2000: £0.3 million). The group also holds investments in own shares through the ESOP and QUEST. The market value of own shares held in the ESOP and Quest at 31 December 2001 was £11.2 million (2000: £30.5 million) and the nominal value was £0.5 million (2000: £ 0.9 million).

Significant Investments

The unaudited financial statements of Channel 5 Television Group Limited for the year ended 31 December 2001, show aggregate capital and reserves of £(468.0) million (2000: £(378.9) million) and a loss for the financial year of £89.1 million (2000: £36.5 million).

Employee Share Ownership Plan

An Employee Share Ownership Plan (the "United ESOP") was established by the company on 24 June 1996. MAI already had an Employee Share Ownership Plan established in 1989 (the "MAIESOP"). The United ESOP has purchased in the open market, or has received from the MAIESOP, or has been granted options over, United shares which are held on trust for employees participating in the plans listed below. The purchase of shares in the open market is financed through bonuses sacrificed by senior executives under the terms of the Senior Executive Equity Participation Plan ("SEEPP") and contributions in cash by the company to finance the acquisition of the matching element of such bonuses.

Dividends on the shares held by the United ESOP have been waived. The costs of running these schemes have been included in the profit and loss account.

Qualifying Employee Share Trust

In January 1998 a Qualifying Employee Share Trust ("the QUEST") was established for the purpose of satisfying exercises of options under the MAI Sharesave Scheme and the United SAYE Share Option Scheme. A new company, United QUEST Trustee Limited, was incorporated for the purposes of administering the QUEST. On 28 January 1998, the company issued 3,579,947 shares to the QUEST for a total consideration of £25,732,629, equal to 719 pence per share, the mid-market price at the close of business on 28 January 1998.

On 17 March 2000, the company issued 500,185 shares to the QUEST for a total consideration of £4,321,600 equal to 869 pence per share, the mid-market price at the close of business on 17 March 2000.

On 18 May 2001, the company issued 100,000 shares to the QUEST for a total consideration of £727,000 equal to 727 pence per share, the mid-market price at the close of business on 18 May 2001

The dividends on the shares held by the QUEST have been waived.

NOTES TO THE FINANCIAL STATEMENTS

15. FIXED ASSET INVESTMENTS (continued)	Options over United shares 2001	Options over United shares 2000	Number of United shares 2001	Number of United shares 2000
At 31 December the holdings of the United ESOP and the QUEST were as follows:				
United ESOP – Ordinary shares	2,253,097	2,028,079	1,562,980	2,829,660
– B shares	1,377,771	–	1,446,982	–
QUEST – Ordinary shares	–	–	36,205	754,636
	3,630,868	2,028,079	3,046,167	3,584,296

The market value of United shares at 31 December was 480 pence (2000: 850 pence) per share.

The group has taken advantage of the exemption in UITF 17 (revised) and has not applied the abstract to its SAYE and equivalent overseas schemes.

	Number of shares over which options were outstanding	
	2001	2000
As at 31 December the aggregate liabilities of the United ESOP and the QUEST were as follows:		
MAI 1989 Scheme	128,000	128,000
SEEPP – bonus options – Ordinary shares	676,266	1,192,511
– B shares	737,525	–
SEEPP – matching options – Ordinary shares	453,170	880,818
– B shares	638,480	–
Harlow Butler Share Bonus Plan	6,743	7,752
LTIP	706,350	1,498,523
Senior executive allocations	6,583	60,544
MAI Sharesave Scheme	26,791	78,160
United SAYE Scheme	1,104,348	1,912,245
	4,484,256	5,758,553

Company	Shares in group companies £m	Loans to group companies £m	Total £m
Investments: subsidiary undertakings			
Cost			
At 1 January 2001	3,004.9	799.5	3,804.4
Additions	–	35.1	35.1
At 31 December 2001 – Cost	3,004.9	834.9	3,839.5
Provision against investments charged in year	(200.0)	–	(200.0)
At 31 December 2001 – Net book amount	2,804.9	834.6	3,639.5

Additions in the year comprise additional investments by the company in existing subsidiaries.

The provision against investment arises as a result of the directors' review of the carrying value of the company's investments in subsidiary undertakings in light of the group goodwill impairment charge (see note 13)

Company	Total £m
Investments: other (all unlisted)	
At 31 December 2001 – Cost	0.1
Provision against investments	(0.1)
At 31 December 2001 – Net book amount	–

NOTES TO THE FINANCIAL STATEMENTS

16. STOCKS	2001 £m	2000 £m
Group		
Raw materials and consumables – paper stocks	1.4	2.2
Work in progress:		
– short term market research contracts	13.7	12.6
– other	0.3	0.8
Finished goods and goods for resale:	1.6	1.5
	17.0	17.1

17. DEBTORS	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Amounts falling due within one year:				
Trade debtors	156.9	182.4	–	–
Amounts owed by associates	–	22.8	–	–
Other debtors	15.1	22.2	0.1	0.1
Prepayments and accrued income	38.8	46.2	1.6	1.1
Corporation tax	–	–	60.5	24.7
Pension prepayments	7.9	3.0	–	–
Deferred tax (note 24)	–	–	0.2	0.4
	218.7	276.6	62.4	26.3
Amounts falling due after more than one year	–	3.2	–	–
	218.7	279.8	62.4	26.3

18. CURRENT ASSET INVESTMENTS	Investments 2001 £m	Short term liquid funds 2001 £m	Total 2001 £m	Investments 2000 £m	Short term liquid funds 2000 £m	Total 2000 £m
Group						
Overseas						
Listed investments	–	592.8	592.8	–	1,066.0	1,066.0
Unlisted investments	2.4	–	2.4	3.4	–	3.4
	2.4	592.8	595.2	3.4	1,066.0	1,069.4

The aggregate market value of short term liquid funds at 31 December 2001 was £592.8 million (2000: £1,067.2 million).

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
Unsecured bank overdrafts	0.2	–	–	–
Bank and other loans	39.4	41.1	29.5	31.2
Trade creditors	51.5	73.5	–	–
Other creditors	85.7	126.0	–	–
Corporation tax	247.2	225.2	–	–
Other taxes and social security	8.4	8.7	0.1	0.2
Accruals and deferred income	202.7	186.2	18.4	18.0
Proposed dividends – Group	4.1	56.8	4.1	56.8
	639.2	717.5	52.1	106.2

NOTES TO THE FINANCIAL STATEMENTS

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
20. BANK AND OTHER LOANS DUE AFTER MORE THAN ONE YEAR				
Other loans	424.8	413.0	424.8	413.0

See note 23.

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
21. OTHER CREDITORS DUE AFTER MORE THAN ONE YEAR				
Amounts owed to group companies	–	–	2,066.0	607.5
Other creditors	23.5	23.7	–	0.7
	23.5	23.7	2,066.0	608.2

	Group 2001 £m	Group 2000 £m	Company 2001 £m	Company 2000 £m
22. CONVERTIBLE DEBT				
6.125% subordinated convertible bonds due 2003	164.0	177.5	178.7	177.5
2.375% senior convertible bonds due 2006	270.5	–	–	–
	434.5	177.5	178.7	177.5

See note 23.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS

Objectives, policies and procedures

The group's funding, liquidity and exposure to currency and interest rate risk is managed by the group's treasury department. Treasury operations are conducted within a framework of policies and guidelines authorised by the board and are subject to internal control procedures. The objective of the framework is to provide flexibility whilst minimising risk and prohibiting speculative transactions or positions to be taken.

Through its central treasury function the company borrows centrally on behalf of its subsidiaries, with the aim of maximising flexibility and price competitiveness. A variety of different funding sources are used, including syndicated bank facilities and the public and private debt markets. Surplus funds are invested with the emphasis on preservation of capital, with limits for individual counter-parties being based on credit ratings and liquidity.

For the purposes of the disclosures which follow in this note (other than the currency risk disclosures), short term debtors and creditors which arise directly from the group's operations have been excluded, as permitted under FRS13.

Foreign exchange management

For currencies in which there is an active market, the group hedges, in all material respects, the transactional foreign exchange risk, generally using forward exchange contracts. The gain or loss on the hedge is recognised at the same time as the underlying transaction. Foreign currency borrowings are used, where appropriate, to provide an economic hedge against investments in overseas territories.

Interest rate management

The group is exposed to movements in interest rates. In order to minimise this exposure the debt or cash position is managed centrally by using fixed rate borrowings and financial instruments such as interest rate swaps, caps and forward rate agreements. The transactions must have a clear objective and be approved by the board. The actual mixture of fixed to floating debt/cash will vary throughout the year although the underlying principle is to limit exposure to interest rate movements.

Interest rate risk profile of financial liabilities

The interest rate risk profile of the group's financial liabilities at 31 December was:

Currency	Total 2001 £m	Floating rate financial liabilities 2001 £m	Fixed rate financial liabilities 2001 £m	Financial liabilities on which no interest is paid 2001 £m	Fixed rate liabilities Weighted average period for which rate is fixed 2001 Years
Sterling	225.7	32.8	182.9	10.0	6.1
US dollar	740.2	172.8	560.4	7.0	5.0
Total	965.9	205.6	743.3	17.0	

Currency	Total 2000 £m	Floating rate financial liabilities 2000 £m	Fixed rate financial liabilities 2000 £m	Financial liabilities on which no interest is paid 2000 £m	Fixed rate liabilities Weighted average period for which rate is fixed 2000 Years
Sterling	222.1	33.5	185.1	3.5	6.6
US dollar	426.6	–	413.0	13.6	7.2
Total	648.7	33.5	598.1	17.1	

In 2001, the effect of the group's interest rate swaps was to classify as floating rate in the above table £135.0 million of the 2009 US loan notes. The loan notes have been swapped into 6 month dollar Libor plus 0.95 per cent to the maturity date of the bond. The counter parties have the option to cancel the swaps on 1 January and 1 July of each year from 1 July 2002 onwards.

Other floating rate financial liabilities comprise borrowings which bear interest at rates based on the Libor minus a margin for each relevant currency for periods between one and six months and non-equity shares which pay a dividend equal to 75 per cent of 12 month sterling Libor.

Post 31 December 2001, the fixed rate \$400 million 2.375 per cent convertible bond was swapped into a floating rate of 3 month US dollar Libor less 1.64 per cent until 19 December 2004.

The total financial liabilities include £17.0 million of other creditors falling due after more than one year (2000: £13.6 million), £37.8 million of vacant property provisions (2000: £3.5 million) and £12.2 million of non-equity shareholdings comprising the B shares and Deferred shares outstanding (2000: nil).

Sterling financial liabilities on which no interest is paid, as in 2000, have a maturity of between one and five years. US dollar financial liabilities on which no interest is paid, have a weighted average period until maturity of 3.3 years (2000: 1.8 years).

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Interest rate risk profile of financial assets

The interest rate risk profile of the group's financial assets at 31 December was:

Currency	Total 2001 £m	Cash at bank and deposits 2001 £m	Other financial assets 2001 £m	Floating rate 2001 £m	Fixed rate 2001 £m	Non interest bearing Total 2001 £m
	Sterling	589.9	288.4	301.5	5.8	453.2
US dollar	495.7	55.4	440.3	2.8	476.4	16.5
Euro currencies	6.6	6.1	0.5	2.9	3.2	0.5
Other currencies	4.6	3.1	1.5	2.0	1.1	1.5
Total	1,096.8	353.0	743.8	13.5	933.9	149.4

Currency	Total 2000 £m	Cash at bank and deposits 2000 £m	Other financial assets 2000 £m	Floating rate 2000 £m	Fixed rate 2000 £m	Non interest bearing Total 2000 £m
	Sterling	2,044.8	972.6	1,072.2	114.7	1,906.9
US dollar	283.2	134.6	148.6	8.8	255.8	18.6
Euro currencies	7.3	6.8	0.5	6.8	–	0.5
Other currencies	1.2	1.2	–	1.2	–	–
Total	2,336.5	1,115.2	1,221.3	131.5	2,162.7	42.3

Non-interest bearing financial assets comprise other fixed asset investments for which there is no maturity and debtors maturing in over one year which have a weighted average period to maturity of nil years (2000: 1.5 years).

Other floating rate financial assets principally comprise cash at bank earning interest at local prevailing rates for current accounts.

Currency	Fixed rate financial assets Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed	
	2001 %	2000 %	2001 Months	2000 Months
Sterling	3.9	5.8	0.4	1.7
US dollar	2.1	6.5	3.0	0.6

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Maturity of financial liabilities

The maturity profile of the carrying amount of the group's financial liabilities at 31 December was:

Maturity Group	Debt 2001 £m	Other financial liabilities 2001 £m	Total 2001 £m
Within one year, or on demand	203.3	0.9	204.2
Between one and two years	–	7.8	7.8
Between two and five years	526.6	26.3	552.9
Over five years	168.8	32.2	201.0
Total	898.7	67.2	965.9
Finance charges allocated to future periods			
Unamortised issue costs	8.9	–	8.9

Maturity Group	Debt 2000 £m	Other financial liabilities 2000 £m	Total 2000 £m
Within one year, or on demand	41.1	6.0	47.1
Between one and two years	–	7.7	7.7
Between two and five years	426.4	3.4	429.8
Over five years	164.1	–	164.1
Total	631.6	17.1	648.7
Finance charges allocated to future periods			
Unamortised issue costs	7.6	–	7.6

The maturity profile of the carrying amount of the company's financial liabilities at 31 December was:

Maturity Company	Debt 2001 £m	Other financial liabilities 2001 £m	Total 2001 £m
Within one year, or on demand	208.2	0.9	209.1
Between one and two years	–	–	–
Between two and five years	256.0	–	256.0
Over five years	168.8	11.3	180.1
Total	633.0	12.2	645.2
Finance charges allocated to future periods			
Unamortised issue costs	4.6	–	4.6

Non-equity shares of £12.1 million (2000: £nil) have been excluded from the above tables as they have no fixed maturity date.

Maturity Company	Debt 2000 £m	Other financial liabilities 2000 £m	Total 2000 £m
Within one year, or on demand	31.3	–	31.3
Between one and two years	–	–	–
Between two and five years	426.4	–	426.4
Over five years	164.1	–	164.1
Total	621.8	–	621.8
Finance charges allocated to future periods			
Unamortised issue costs	7.6	–	7.6

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Included in the above tables are the following:

Borrowing facilities

The group's £1 billion syndicated bank credit facility was refinanced during August 2001 with a 5 year stand-by £500 million syndicated bank credit facility. At 31 December 2001 there were no borrowings under this facility (2000: £nil). All conditions precedent to the committed borrowing facilities were met at 31 December 2001 and the facility incurs commitment fees of 0.2 per cent per annum (2000: 0.09 per cent per annum).

Convertible bonds

On 19 December 2001 United Business Media (Jersey) Limited, a wholly owned subsidiary of the company, issued a 5 year \$400 million 2.375 per cent convertible bond primarily to refinance the company's existing £180 million 6.125 per cent subordinated convertible bonds. The remaining net proceeds were used for general corporate purposes, including the refinancing of previous acquisitions.

The fixed annual coupon interest rate on the \$400 million bonds is 2.375 per cent payable semi-annually and the bonds are convertible into preference shares of United Business Media (Jersey) Limited at any time on or after 19 March 2002 and at any time up to the seventh calendar day before the date fixed for redemption. The preference shares will, in turn, be exchangeable immediately for ordinary shares in the company.

United Business Media (Jersey) Limited may redeem all the bonds at their principal amount, together with accrued interest:

- at any time after 19 December 2004 if the market price per ordinary share on each of the dealing days in any period of 30 days ending not earlier than 14 days prior to the giving of the notice of redemption has been at least 130 per cent of the Exchange Price on such dealing day; or
- at any time if 85 per cent or more of the aggregate principal amount of the bonds originally issued shall have been previously purchased and cancelled, redeemed or converted.

Sterling convertible bond

The existing £180 million 6.125 per cent subordinated convertible bonds were called on 27 December 2001 and repaid at par plus accrued interest on 28 January 2002.

US dollar private placement

US dollar fixed rate financial liabilities include a private placement of £85.9 million which is repayable in September 2004 (2001: £83.7 million).

US dollar senior unsecured loan notes

US dollar fixed rate financial liabilities include £338.9 million (2000: £329.3 million) of senior unsecured loan notes (stated net of issue costs). The notes were issued in two tranches: £171.8 million 7.25 per cent notes due July 2004 and £171.8 million 7.75 per cent notes due July 2009 (stated at par value).

Fair values of financial assets and financial liabilities

The following tables provide a comparison by category of the carrying amounts and the fair values of the group's financial assets and financial liabilities at 31 December 2001 and 31 December 2000. The fair value of US dollar private placements (included in long-term borrowings) was calculated by discounting expected future cash flows at risk adjusted interest rates. Market values obtained from third parties have been used to determine the fair value of interest rate swaps, forward foreign exchange contracts, the convertible bonds and the US dollar senior unsecured loan notes and other financial assets (excluding unlisted fixed asset investments and long-term debtors). The fair value of cash at bank and deposits approximates to their book value due to their short maturity. Listed investments are valued at market value. For all other financial assets and liabilities the carrying amount has been used as the fair value as it is estimated that the difference between the carrying amount and the fair value is not material.

	Book value 2001 £m	Fair value 2001 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(203.3)	(203.0)
– Long-term borrowings (over two years)	(695.4)	(679.3)
– Other financial liabilities	(67.2)	(91.7)
Financial assets:		
– Cash at bank and deposits	353.0	353.0
– Other financial assets	743.8	744.6
Derivative financial instruments held to manage the group's interest rate profile:		
Interest rate swaps		
– assets	–	13.0
– liabilities	–	(8.9)

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

	Book value 2000 £m	Fair value 2000 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(41.1)	(41.1)
– Long-term borrowings (over two years)	(590.5)	(634.6)
– Other financial liabilities	(17.1)	(17.1)
Financial assets:		
– Cash at bank and deposits	1,115.2	1,115.2
– Other financial assets	1,221.3	1,226.6
Derivative financial instruments held to manage the group's interest rate profile:		
Interest rate swaps		
– assets	–	14.8
– liabilities	–	(0.9)

Hedges

The group's policy is to hedge interest rate risk using fixed rate borrowings and financial instruments such as interest rate swaps. Net foreign transaction risks are hedged as they arise, generally using forward foreign exchange contracts, whilst foreign currency borrowings are used to provide an economic hedge against investments in overseas territories. The group's policy for accounting for hedges can be found in the "Group accounting policies" section of this report.

The tables below show the extent to which the group has unrecognised gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

	Unrecognised gains 2001 £m	Unrecognised losses 2001 £m	Total net gains/ (losses) 2001 £m
Unrecognised gains and losses on hedges at 1 January 2001			
Arising in previous years included in 2001 income	(2.1)	(8.0)	(10.1)
Gains and losses not included in 2001 income			
Arising before 1 January 2001	12.7	(8.9)	3.8
Arising in 2001	0.3	–	0.3
Gains and losses on hedges at 31 December 2001			
	13.0	(8.9)	4.1
of which			
Gains and losses expected to be included in 2002 income	11.9	(8.9)	3.0
Gains and losses expected to be included in 2003 income or later	1.1	–	1.1

	Unrecognised gains 2000 £m	Unrecognised losses 2000 £m	Total net gains/ (losses) 2000 £m
Unrecognised gains and losses on hedges at 1 January 2000			
Arising in previous years included in 2000 income	(10.1)	3.5	(6.6)
Gains and losses not included in 2000 income			
Arising before 1 January 2000	13.5	–	13.5
Arising in 2000	1.3	(0.9)	0.4
Gains and losses on hedges at 31 December 2000			
	14.8	(0.9)	13.9
of which			
Gains and losses expected to be included in 2001 income	4.7	(0.4)	4.3
Gains and losses expected to be included in 2002 income or later	10.1	(0.5)	9.6

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

Currency exposures

As outlined above in the "Objectives, policies and procedures" section of this note, the group policy is to hedge, where possible, in all material respects exposures on monetary assets and liabilities.

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their functional currency.

Functional currency of group operation	Net foreign currency monetary assets/(liabilities)				2001 Total £m
	2001 Sterling £m	2001 US dollar £m	2001 Euro currencies £m	2001 Other currencies £m	
Sterling	-	367.6	5.5	0.5	373.6
US dollar	-	-	(1.2)	-	(1.2)
Euro currencies	-	0.9	-	-	0.9
Other currencies	-	(5.3)	-	-	(5.3)
Total	-	363.2	4.3	0.5	368.0

Functional currency of group operation	Net foreign currency monetary assets/(liabilities)				2000 Total £m
	2000 Sterling £m	2000 US dollar £m	2000 Euro currencies £m	2000 Other currencies £m	
Sterling	-	196.2	0.5	(0.2)	196.5
US dollar	(0.4)	-	-	3.5	3.1
Euro currencies	-	-	-	1.6	1.6
Other currencies	-	(3.9)	(1.0)	-	(4.9)
Total	(0.4)	192.3	(0.5)	4.9	196.3

The group's two US dollar senior unsecured loan notes carry interest rates which are significantly in excess of market rates. Bearing in mind the group's overall strong cash position, the group has been looking to redeem these bonds early in order to reduce the group's net interest exposure. It has not been possible to achieve this without making a significant early redemption payment and, accordingly, the group has entered into the following transactions which have a similar economic effect to redeeming the bonds.

In 2002, the group has purchased US\$150 million of credit linked notes from a number of counterparties, these notes having similar maturities to the US dollar loan notes. The notes pay interest at rates of between Libor plus 270 to 280 basis points per annum. These variable flows have then been swapped into fixed rate flows of between 6.86 per cent and 8.1 per cent per annum as a hedge against the 7.25 per cent and 7.75 per cent per annum fixed coupon payments on the US dollar loan notes.

In return for paying interest on the credit linked notes at rates in excess of Libor the final redemption to be received by the company is determined by certain circumstances related to the credit risk of the company. These circumstances arise if there has been a "credit event" as defined in the terms of the note, in which case the counterparties may redeem the notes at less than par value. A credit event arises in the event of any of the following circumstances:

- a bankruptcy of the company;
- if the group is required by any of its lenders to accelerate repayment of borrowings;
- if the group fails to make payment under any of its borrowings;
- if the group restructures any of its debt in order to avoid default
- if any of its debt is repudiated, disaffirmed or rejected or subject to any moratorium.

If a credit event should take place, the credit linked note may not necessarily be redeemed for cash. The company may receive its own bonds or debt obligations with a par value equivalent to the amount of the credit linked notes from the counterparties in settlement of redemption of the note.

NOTES TO THE FINANCIAL STATEMENTS

24. OTHER PROVISIONS FOR LIABILITIES AND CHARGES	Property £m	Former financial services £m	Total £m
Group			
At 1 January 2001	6.1	2.3	8.4
Provided in the year	35.4	1.0	36.4
Utilised in the year	(3.7)	(0.1)	(3.8)
At 31 December 2001	37.8	3.2	41.0

Liabilities on property

The group has lease obligations in respect of the continuing costs of vacant property, the quantification of which depends upon the ability to exit the leases early or sublet the properties, and for dilapidations on certain leasehold properties which are dependent principally on actual reinstatement costs on expiry of the leases. The provision in respect of these obligations at 31 December 2001 has been determined following external professional advice and will be utilised over the period of the leases in question, which range from 1 to 16 years.

The increase in the provision during the year is a result of the reorganisation and restructuring of the group and the consequent reduction in the group's overall property requirements.

Liabilities arising from former financial services activities

A subsidiary of the group was formerly engaged in the selling of personal pensions prior to 1996. As a result of the industry-wide review into pension misselling by the Personal Investment Authority, the group is exposed to actual and potential future claims by investors in respect of policies found to have been missold. Although work is now progressing with respect to the identification and review of all pension policies sold, the number and amount of such claims can not be finally determined until all potential compensation costs have been agreed. The amount of the provisions at 31 December 2001 has been determined on the basis of independent financial advice.

Deferred tax

£m

Company

At 1 January 2001	(0.4)
Provided in period	0.2
At 31 December 2001 (note 17)	(0.2)

The amount of provided and unprovided deferred tax liability/(asset) is as follows:	2001 Provided £m	2001 Unprovided £m	2000 Provided £m	2000 Unprovided £m
Group				
Accelerated capital allowances	-	(7.3)	-	(3.9)
Other timing differences	-	(95.0)	-	(84.1)
	-	(102.3)	-	(88.0)
Company				
Other timing differences	(0.2)	(47.1)	(0.4)	(49.1)

The above tables do not include any tax on the distribution of retained profits and reserves by overseas subsidiaries or joint ventures or associated undertakings as there is currently no intention to remit such amounts to the UK.

NOTES TO THE FINANCIAL STATEMENTS

25. CALLED UP SHARE CAPITAL	2001 £m	2000 £m
Authorised		
486,851,630 (2000: 660,000,000) ordinary shares of 25 pence each	121.7	165.0
375,417,690 B shares of 8 and 23/44p each	32.0	–
132,484,195 Deferred shares of 8 and 23/44p each	11.3	–
	165.0	165.0

	Ordinary shares Number	B shares Number	Deferred shares Number
Allotted and fully paid			
In issue at 1 January 2001	506,971,012	–	–
Allotted in respect of share option schemes	1,049,836	–	–
Adjustment to share capital in respect of capital reorganisation	(173,148,370)	507,901,885	–
B shares purchased by the company	–	(364,937,048)	–
B shares converted to Deferred shares	–	(132,484,195)	132,484,195
Convertible bonds exercised	133,376	–	–
In issue at 31 December 2001	335,005,854	10,480,642	132,484,195

	Ordinary shares £m	B shares £m	Deferred shares £m	Total £m
Allotted and fully paid				
In issue at 1 January 2001	126.8	–	–	126.8
Allotted in respect of share option schemes	0.3	–	–	0.3
Adjustment to share capital in respect of capital reorganisation	(43.4)	43.4	–	–
B shares purchased by the company	–	(31.2)	–	(31.2)
B shares converted to Deferred shares	–	(11.3)	11.3	–
Convertible bonds exercised	–	–	–	–
In issue at 31 December 2001	83.7	0.9	11.3	95.9

The return of capital to shareholders took the form of a subdivision and consolidation of the existing United ordinary shares. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue were sub-divided into one share of 8 23/44 pence (B Shares) and one share of 16 21/44 pence and immediately following such sub-division every issued share of 16 21/44 pence was sub-divided into 29 shares of 25/44 pence. Every 44 shares of 25/44 pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence. The subdivision created a class of B shares with a total value of approximately £1.25 billion. UK shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the B shares and receive a continuing dividend linked to Libor. At 31 December 2001, 364,937,048 B shares had been purchased by the company for consideration of £894.1 million and holders of 132,484,195 B shares had received a single dividend of 245 pence per share; 10,480,642 B shares remain in issue (see note 11).

The B shares are irredeemable however, the company has the authority to convert, at its option, all remaining B shares in issue after 23 April 2011, if the number is less than 125 million. The conversion into ordinary shares will be based on the market price of ordinary shares the time of conversion.

B Shares

B shareholders are entitled to a non cumulative preference dividend based on the principal of 245 pence per share. The dividend is the lower of 25 per cent or 75 per cent of the 12 month Libor rate. On winding up, the B shareholders are entitled to 245 pence per share and the relevant proportion of the dividends outstanding. B shareholders do not have any voting entitlements except in a resolution relating to a winding up of the company or if the B share dividend has been outstanding for more than six months.

Deferred Shares

Deferred shareholders may receive a dividend only after B share dividends, and an ordinary dividend of a minimum of £50.0 per share, has been paid. On winding up, the Deferred shareholders are entitled to receive repayment up to the nominal value if there are sufficient funds available after paying the B shareholders 245 pence and any proportion of the preference dividend owing to them and paying ordinary shareholders £100,000 per share. Deferred shareholders do not have voting entitlements.

NOTES TO THE FINANCIAL STATEMENTS

26. SHARE PREMIUM ACCOUNT AND RESERVES	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Group						
At 1 January 2001	299.5	31.3	–	125.0	1,841.3	2,297.1
Retained loss for the year	–	–	–	–	(933.3)	(933.3)
Adjustment to share capital in respect of capital reorganisation	–	–	31.2	–	–	31.2
Premium on shares issued, net of costs	6.3	–	–	–	–	6.3
Return of capital to shareholders*	–	–	–	–	(901.3)	(901.3)
Currency translation	–	–	–	–	16.0	16.0
At 31 December 2001	305.8	31.3	31.2	125.0	22.7	516.0

The total group reserves at 31 December 2001 include £3.8 million (2000: £3.4 million) in respect of joint ventures and £(28.9) million (2000: £(27.3) million) in respect of associated undertakings, of which £(14.9) million (2000: £(13.8) million) has been dealt with in the profit and loss account and £(10.2) million (2000: £(10.1) million) of exchange has been dealt with in reserves in line with SSAP 20.

	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Company					
At 1 January 2001	299.5	–	83.3	2,016.3	2,399.1
Retained loss for the year	–	–	–	(650.9)	(650.9)
Adjustment to share capital in respect of capital reorganisation	–	31.2	–	–	31.2
Premium on shares issued	6.3	–	–	–	6.3
Return of capital to shareholders*	–	–	–	(901.3)	(901.3)
At 31 December 2001	305.8	31.2	83.3	464.1	884.4
Non-distributable	305.8	31.2	83.3	–	420.3
Distributable	–	–	–	464.1	464.1

* Return of capital to shareholders includes costs of £7.2 million.

The company received £5.6 million (2000: £33.8 million) on the issue of shares in respect of the exercise of options awarded under various share option plans, of which £4.9 million (2000: £29.5 million) is payable by employees to the group for the issue of these shares.

The net amount of foreign currency exchange borrowings less deposits offset in the reserves of the group was a gain of £11.3 million (2000: gain of £65.9 million) and in the company was £nil (2000: £nil) respectively.

27. COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2001 the group is committed to make payments during the following year under non-cancellable operating leases as follows:

	Land and buildings 2001 £m	Land and buildings 2000 £m	Other 2001 £m	Other 2000 £m
Group				
Operating leases which expire				
Within one year	1.7	8.3	0.2	3.0
Two to five years	7.4	6.4	0.6	0.5
After five years	20.1	16.8	0.1	–
	29.2	31.5	0.9	3.5

At 31 December 2000 the company is committed to make payments during the following year under non-cancellable operating leases as follows:

	Land and buildings 2001 £m	Land and buildings 2000 £m	Other 2001 £m	Other 2000 £m
Company				
Operating leases which expire				
After five years	4.9	3.8	–	–

Capital expenditure contracted for but not provided in the financial statements amounts to £0.5 million (2000: 7.4 million).

The company acts as guarantor over a net overdraft facility of £70 million and a foreign exchange line of £50 million that are available to subsidiary undertakings. The company also acts as guarantor over the fixed interest payable on interest rate swaps taken out by a subsidiary undertaking.

The company is the defendant in a misconceived claim of £30 million in connection with one of the disposals which took place during 2000. Having taken external advice, the company is resisting the claim vigorously and has made no provision for any liability arising.

Commitments under purchase agreements for businesses acquired in the year are described in note 30.

NOTES TO THE FINANCIAL STATEMENTS

28. RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES	Total 2001 £m	Total 2000 £m
Operating loss	(525.5)	(10.5)
Depreciation charges	23.3	39.6
Amortisation of intangible assets – group	506.3	167.6
Share of results of joint ventures	0.3	(0.4)
Share of results of associates	1.6	19.0
Income from other fixed asset investments	(4.3)	(4.9)
Profit on sale of fixed asset investments	–	(2.4)
Loss/(profit) on sale of tangible fixed assets	1.0	(6.2)
Payments against provisions	(3.8)	(1.4)
Decrease/(increase) in stocks	5.6	(35.0)
Decrease/(increase) in debtors	65.6	(54.6)
(Decrease)/increase in creditors	(93.5)	2.4
Other non-cash items including movements on provisions	38.1	(1.2)
Cash inflow from operating activities	14.7	112.0

The effect of exceptional items on cash flow from operating activities was an outflow of £30.9 million.

29. ANALYSIS OF NET DEBT	At 1 January 2001 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	At 31 December 2001 £m
Cash at bank and in hand	1,115.2				353.0
Overdrafts	–				(0.2)
	1,115.2				352.8
Less deposits treated as liquid resources	(1,093.3)				(343.0)
	21.9	(12.1)	–	–	9.8
Debt due after one year	(590.5)	(255.9)	(2.0)	(10.9)	(859.3)
Debt due within one year	(41.1)	1.7	–	–	(39.4)
	(609.7)	(266.3)	(2.0)	(10.9)	(888.9)
Deposits included in cash	1,093.3	(755.1)	–	4.8	343.0
Current asset investments	1,069.4	(469.0)	–	(5.2)	595.2
Total	1,553.0	(1,490.4)	(2.0)	(11.3)	49.3

NOTES TO THE FINANCIAL STATEMENTS

30. PURCHASE OF SUBSIDIARY, UNDERTAKINGS AND BUSINESSES	Total £m
Gross cost of acquisitions in the year	134.4
Cash at acquisition	(10.4)
Cost of acquisition	124.0
Amounts not paid in the year	(2.6)
Cash paid in the year net of cash acquired (including £4.0 million relating to joint ventures)	121.4
Gross cost of acquisition represents:	
Goodwill	132.4
Fixed assets	3.2
Net current liabilities	(0.3)
Creditors due after more than one year	(0.9)
	134.4

On 8 March 2001, Cyperus SA, a French corporate communications company, was acquired for an initial consideration of £7.0 million.

On 26 June 2001, Allison-Fisher International, Inc. a US market research company specialising in the automotive industry, was acquired for an initial consideration of \$45.0 million. The consideration is the subject of an earn out arrangement. If certain profit targets over the period from acquisition until 30 June 2004 are met, maximum consideration of up to an additional \$33.0 million may be payable.

On 5 July 2001, 50 per cent of the Dutch national news agency's news release distribution division, ANPSS, was acquired for €6.5 million in cash.

On 3 August 2001, Roper Starch Worldwide LLC, a US market research company, was acquired for \$88 million.

On 7 September 2001, Kenko Sangyo Shimbun Inc, a Japanese exhibition and publishing group, was acquired for a net consideration of \$8.0 million.

On 20 December 2001, Cozint, a specialist online healthcare research and consulting group, was acquired for \$10.5 million.

All of the above purchases have been accounted for as acquisitions and goodwill is being amortised over a period between five and twenty years.

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the group:

	Book net assets on acquisition £m	Revaluations £m	Alignment of accounting policies £m	Fair value of assets/ liabilities acquired £m
Acquisitions:				
Fixed assets				
– Intangible fixed assets	1.9	–	(1.8)	0.1
– Tangible fixed assets	5.3	(2.5)	(1.3)	1.5
– Investments	1.6	–	–	1.6
Current assets/(liabilities):				
– Cash	10.4	–	–	10.4
– Stocks	0.3	–	5.2	5.5
– Debtors and other current assets	33.4	(5.4)	–	28.0
– Creditors falling due within one year	(35.3)	(2.9)	(6.0)	(44.2)
Creditors falling due after more than one year	(0.9)	–	–	(0.9)
	16.7	(10.8)	(3.9)	2.0

The adjustments for accounting policies are principally to align capitalisation, amortisation and revenue recognition policies with those of the group.

Revaluations principally represent adjustments to state assets of the acquired business at their recoverable amounts and to reflect liabilities not previously recognised.

NOTES TO THE FINANCIAL STATEMENTS

31. PARTICULARS OF EMPLOYEES

	2001	2000
The average number of persons employed in the group, including directors, during the year was as follows:		
Location		
United Kingdom	2,936	6,406
North America	4,196	6,079
Europe and Middle East	104	659
Pacific	330	315
	7,566	13,459
Category		
Market research	1,748	1,603
News distribution	1,055	1,441
Professional media	3,960	5,067
Business to business media	6,763	8,111
Consumer media	803	5,348
	7,566	13,459

	2001 £m	2000 £m
Staff costs, including directors' emoluments, were:		
Wages and salaries	293.3	425.8
Social security costs	32.6	52.2
Other pension costs	14.3	14.6
	340.2	492.6

During 2001, the group also incurred exceptional payments relating to redundancy of £23.4 million (2000: £1.0 million)

	2001 £m	2000 £m
Directors' emoluments		
Fees	0.4	0.4
Remuneration and benefits in kind	1.5	1.5
Compensation for loss of office	-	0.5
Bonuses	0.1	1.3
Pension contributions	0.2	0.2
	2.2	3.9

Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the remuneration report in the sections "Remuneration policy: pension entitlement", "Table of individual directors' remuneration", "Directors' interests" and "Directors' interests in options over United shares".

NOTES TO THE FINANCIAL STATEMENTS

32. PENSIONS

The group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by that standard. FRS17 Retirement Benefits was issued in November 2000 but will not be mandatory for the group and company until the year ended 31 December 2003. Prior to this, phased transitional disclosures are required from 31 December 2001. These disclosures, to the extent not given in (a), are set out in (b) below.

(a) Pension schemes

The group operates a number of pension schemes in the UK and overseas of both defined benefit type, with benefits accruing based on final salary and length of service, and of defined contribution type. The seven main schemes in operation at the start of the year are shown in the table below:

Defined benefit schemes	Defined contribution scheme	Both defined benefit and defined contribution scheme
United Magazines Final Salary Pension Scheme	United Money Purchase Scheme	United Pension Plan
United Provincial Newspapers Scheme	MFI Defined Contribution Plan	
CMP Media LLC Cash Balance Retirement Plan (US)	CMP Defined Contribution Plan	

The pension cost and provision/asset relating to the UK and US defined benefit schemes is assessed in accordance with the advice of independent professionally qualified actuaries using the attained age method and the projected unit method respectively. Assets were valued at market value. The latest actuarial assessments for accounting purposes were carried out at various dates between 6 April 1999 and 31 March 2001. The principal actuarial assumptions for accounting purposes were as follows:

Financial assumptions	UK schemes % a year	US schemes % a year
Investment return	6.00	7.25
Salary increases	4.75	6.00
Cash balance interest rate	n/a	5.78
Pre 5 April 1997 service pension increases	Promised benefit, which can range from nil% to 5.00%	
Post 5 April 1997 service pension increases	2.75	n/a
Retail Price Inflation	2.75	n/a

A summary of the results of the latest actuarial valuations and pension costs for the defined benefit schemes is shown in the table below.

	Regular cost £m	Interest cost £m	Variation from regular cost £m	Pension cost £m	Provision/ (prepayment) at 1 January 2001 £m	Contributions paid £m	Provision/ (prepayment) at 31 December 2001 £m
UK plans	2.9	(0.7)	0.9	3.1	(10.2)	4.3	(11.4)
US plans	4.4	0.4	0.3	5.1	5.5	7.1	3.5
Total	7.3	(0.3)	1.2	8.2	(4.7)	11.4	(7.9)

The assets of the schemes are held as separate trustee administered funds. The market value of the assets of the defined benefit schemes at the latest valuation dates were £191.8 million, £72.0 million, £87.9 million and £22.6 million in the United Provincial Newspapers Pension Scheme, United Pension Plan, United Magazines Final Salary Pension Scheme and the CMP Media plan respectively. The corresponding funding levels were 109 per cent, 107 per cent, 85 per cent and 73 per cent. In addition, at the beginning of March 2001, the United Magazines Final Salary Pension Scheme was 92 per cent funded on the government's minimum funding requirement test. The group is making additional contributions over the next five years to eliminate this deficit.

The funding policy for the UK plans is to fund to at least local minimum funding regulations and to take a full or partial contribution holiday where surplus allows. Surpluses and deficits are recognised on a systematic basis over the average remaining service lifetimes, using the level cash amount method.

The funding level has deteriorated since the most recent valuation dates and it is anticipated that this will lead to an increase in the pension charge in 2002.

The pension cost for the defined contribution schemes for the year ended 31 December 2001 is as follows:

Defined contribution schemes	2001 £m	2000 £m
- UK	2.0	1.1
- US	4.4	4.0
Total for the year	6.4	5.1

NOTES TO THE FINANCIAL STATEMENTS

32. PENSIONS (continued)

(b) FRS17 – Retirement benefits

The last actuarial valuations have been updated to 31 December 2001 by independent professionally qualified actuaries in accordance with FRS17.

The financial assumptions used to calculate the present value of scheme liabilities under FRS17 are:

	UK Plans	US Plans
Discount rate	6.00%	7.25%
Salary increases	4.75%	6.00%
Interest on cash balance	n/a	5.78%
LPI pension increases (or as guaranteed where appropriate)	2.75%	n/a
Inflation	2.75%	n/a

The assets in the schemes and the expected rate of return were as set out below:

	UK Plans Long term rate of return	UK Plans £m	US Plans Long term rate of return	US Plans £m
Equities	6.50%	182.0	8.00%	11.0
Bonds	5.50%	143.0	7.00%	7.0
Other	4.00%	2.0	7.00%	–
Total		327.0		18.0

The following amounts as at 31 December 2001 were measured in accordance with the requirements of FRS17

	UK Plans £m	US Plans £m
Total fair market value of assets	327.0	18.0
Present value of scheme liabilities	359.0	27.0
Deficit in the scheme	(32.0)	(9.0)
Related deferred tax asset	9.0	–
Net balance sheet liability at 31 December 2001	(23.0)	(9.0)

If the above amounts had been recognised in the group financial statements, the net assets and reserves at 31 December 2001 would be as follows:

	Total £m
Net assets excluding SSAP 24 pension asset	606.1
FRS17 pension liability	(32.0)
Net assets incorporating FRS17 pension liability	574.1
Profit and loss reserves excluding the SSAP 24 pension reserve	30.6
FRS17 pension reserve	(32.0)
Profit and loss reserves incorporating FRS17 reserve	(1.4)

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS

The group entered into the following transactions with related parties during the year:

Transactions with related parties	Nature of transactions	Balances (owed by)/due to the group at 31 December 2001 £m	Value of transactions 2001 £m	Balances (owed by)/due to the group at 31 December 2000 £m	Value of transactions 2000 £m
Channel 5 Television Group Limited	Sales	–	–	–	3.4
	Loans and interest receivable	179.2	7.4	100.9	9.4
Springboard Internet Services Limited (Line One)	Loans and interest receivable	–	–	26.0	1.7
SDN Limited	Loans and interest receivable	12.3	0.3	9.4	0.5

34. POST BALANCE SHEET EVENTS

On 28 January 2002, the company redeemed the existing £180 million 6.125 per cent subordinated convertible bond due 2003 at par.

In 2002, the group has purchased credit linked notes from a number of counterparties. The details of these transactions are included in note 23.

35. SHARE OPTIONS

At 31 December 2001 options granted over the company's ordinary shares of 25 pence under employee share option schemes were outstanding as follows:

Date of grant	Number of shares	Exercise price (p)	From	Exercise dates To
United UK Executive Schemes				
13/04/1993	10,280	530.1	13/04/1996	13/04/2003
24/09/1996	4,300	692.5	24/09/1999	24/09/2006
26/03/1997	27,300	754.5	26/03/2000	26/03/2007
25/09/1997	11,841	765.0	25/09/2000	25/09/2007
14/12/1998	164,360	511.0	14/12/2001	14/12/2008
16/09/1999	4,940	607.0	16/09/2002	16/09/2009
03/03/2000	256,207	867.2	03/03/2003	03/03/2010
08/05/2001	160,228	724.8	08/05/2004	08/05/2011
08/08/2001	10,072	595.7	08/08/2004	08/08/2011
United International Executive Schemes				
10/04/1992	5,140	331.1	10/04/1995	10/04/2002
27/04/1994	15,000	607.8	27/04/1997	27/04/2004
04/04/1995	10,000	482.5	04/04/1998	04/04/2005
19/04/1996	61,765	658.5	19/04/1999	19/04/2006
05/06/1996	89,488	702.5	05/06/1999	05/06/2006
16/09/1996	229,053	686.0	16/09/1999	16/09/2006
24/09/1996	315,700	669.5	24/09/1999	24/09/2006
26/03/1997	134,600	731.5	26/03/2000	26/03/2007
25/09/1997	93,159	742.0	25/09/2000	25/09/2007
14/12/1998	1,451,510	511.0	14/12/2001	14/12/2008
16/09/1999	19,060	607.0	16/09/2002	16/09/2009
03/03/2000	1,354,289	867.2	03/03/2003	03/03/2010
09/05/2000	55,465	753.0	09/05/2003	09/05/2010
18/12/2000	3,124,100	843.0	18/12/2003	18/12/2010
18/12/2000	1,061,000	843.0	18/12/2004	18/12/2010
08/05/2001	2,504,022	724.8	08/05/2004	08/05/2011
08/05/2001	1,241,000	724.8	08/05/2004	08/05/2011
08/08/2001	118,928	595.7	08/08/2004	08/08/2011
08/08/2001	104,000	595.7	08/08/2005	08/08/2011
19/12/2001	1,240,000	529.0	19/12/2004	19/12/2011
19/12/2001	1,240,000	529.0	19/12/2005	19/12/2011

NOTES TO THE FINANCIAL STATEMENTS

35. SHARE OPTIONS (continued)

Date of grant	Number of shares	Exercise price (p)	From	Exercise dates	To
MAI 1989 Purchase Only Executive Scheme					
20/10/1995	128,000	467.6	20/10/1998	20/10/2002	
MAI 1991 Executive Scheme					
30/10/1992	102,400	234.4	30/10/1995	30/10/2002	
20/04/1993	35,840	289.1	20/04/1996	20/04/2003	
28/10/1993	105,600	363.3	28/10/1996	28/10/2003	
13/10/1994	137,600	374.2	13/10/1997	13/10/2004	
18/10/1995	54,400	490.6	18/10/1998	18/10/2005	
Blenheim Executive Share Option Scheme					
03/12/1992	751	605.3	03/12/1995	03/12/2002	
United SAYE Schemes					
01/11/1996	72,163	532.6	01/02/2000	01/08/2004	
31/10/1997	28,576	632.7	01/02/2001	01/08/2005	
15/12/1998	271,552	514.8	01/02/2002	01/08/2006	
17/09/1999	191,428	497.0	01/12/2002	01/06/2007	
20/04/2001	540,629	488.3	01/12/2004	01/12/2008	
United International Sharesave Plan*					
15/01/1998	19,077	723.9*	01/02/2001	01/08/2003	
04/01/1999	82,577	514.8*	01/02/2002	01/08/2004	
30/09/1999	172,685	497.0*	01/12/2002	01/06/2005	
20/04/2001	276,154	488.3*	01/12/2004	01/12/2004	
MAI Sharesave Scheme					
17/10/1994	5,269	315.6	01/12/1999	01/06/2002	
20/10/1995	21,522	400.0	01/12/2000	01/06/2003	

*The option price is quoted in each country in the local currency, and has been translated at the exchange rate on the date of grant.

	United Executive Schemes*	United SAYE schemes	MAI Executive schemes	MAI SAYE schemes	United International schemes
The movement in shares under option during the year was as follows:					
Shares under option at 1 January 2001	12,010,503	1,912,245	735,040	78,160	382,766
Granted during the year	6,703,500	618,014	-	-	331,981
Exercised during the year	(727,731)	(717,074)	(166,400)	(42,391)	(54,900)
Expired, cancelled or lapsed	(2,868,714)	(708,837)	(4,800)	(8,978)	(109,354)
Balance at 31 December 2001	15,117,558	1,104,348	563,840	26,791	550,493

*Including the Blenheim scheme.

PRINCIPAL GROUP SUBSIDIARIES

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affect the figures of the group.

	Country of incorporation and operation	Percentage interest and voting rights at 31 December 2001
Business to Business Media		
CMP Media, LLC.	USA	100
CMP Europe Ltd	Great Britain	100
CMP Information Ltd	Great Britain	100
Miller Freeman Asia Ltd	Hong Kong	100
United Entertainment Media, Inc.	USA	100
Expoconsult B.V.	Netherlands	100
PR Newswire Association, Inc.	USA	100
PR Newswire Europe Ltd	Great Britain	100
Audits & Surveys Worldwide, Inc.	USA	100
MMI Holdings, Inc.	USA	100
Mediamark Research, Inc.	USA	100
NOP Research Group Ltd	Great Britain	100
RoperASW LLC	USA	100
Consumer Media		
United Advertising Publications plc	Great Britain	100
Head Office		
United Finance Ltd	Great Britain	100
United Finance (Jersey) Ltd	Jersey	100
United Business Media Finance, Inc.	USA	100
United Business Media (Jersey) Ltd	Jersey	100

All companies stated as being incorporated in Great Britain are registered in England and Wales. None of the above subsidiaries are held directly by the company, with the exception of United Business Media (Jersey) Limited.

A full list of group subsidiaries will be appended to the next annual return.

SHAREHOLDER INFORMATION

REGISTERED OFFICE AND REGISTERED NUMBER

Ludgate House
245 Blackfriars Road
London
SE1 9UY

Registered Number 152298

REGISTRARS

All enquiries regarding shareholder administration including dividends, lost share certificates or changes of address should be communicated in writing, quoting United Business Media's company reference number 0239 to the following address:-

Lloyds TSB Registrars
TEAM 54
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3970

Shareholders can also view their shareholdings online by registering at www.shareview.co.uk.

INVESTOR RELATIONS AND GENERAL ENQUIRIES

For all investor relations and general enquiries about the company, please contact our group communications department at the registered office as shown above or telephone 020 7921 5000.

Requests for further copies of our annual report and accounts can be made via our website www.unitedbusinessmedia.com - or by telephoning the company secretary's office on the number given above.

CAPITAL GAINS TAX

The market value of United Business Media plc's shares on 31 March 1982 was 165 pence. The adjusted market value for shares acquired prior to 31 March 1982 which participated in the rights issues of November 1983 and June 1993 is 232.5 pence. The market quotations of the company's ordinary shares and ICAP plc (previously Garban plc) ordinary shares for 17 November 1998, being the first day of dealing following ICAP's demerger from the company were as follows:-

United Business Media plc ordinary shares of 25 pence – 638 pence

ICAP plc ordinary shares of 50 pence – 217 pence

The market values of United Business Media plc's ordinary shares of 25 pence and B shares on 23 April 2001 following the capital reorganisation were as follows:-

Ordinary shares of 25 pence – 693 pence

B shares – 245 pence

AMERICAN DEPOSITARY RECEIPTS (ADRS)

The company's ordinary shares are traded in the USA on the NASDAQ in the form of ADRs. ADRs are issued by the Bank of New York which acts as the depositary. Voting rights as a shareholder are exercised through the depositary. The NASDAQ symbol for United Business Media's ADRs is UNEWY.

SHAREHOLDER PROFILE AS AT 31 DECEMBER 2001

Holdings	No. of holders	Percentage of holders	No. of shares	Percentage of issued capital
1 – 1,000	12,827	71.61	4,823,211	1.07
1,001 – 5,000	3,697	20.64	7,422,365	2.35
5,001 – 50,000	846	4.72	14,213,061	4.15
50,001 – 1,000,000	487	2.72	105,801,446	27.77
Over 1,000,000	55	0.31	202,745,771	64.66
	17,912	100.0	335,005,854	100.0

