

## 18 Shareholders' funds

	Group and Parent Company		Group			Parent Company	
	Share capital issued €m	Paid-in surplus €m	Shares held in treasury €m	Reserves €m	Total €m	Reserves €m	Total €m
At 1 January 2002							
Before prior year adjustment	47	1,438	–	907	2,392	562	2,047
Prior year adjustment (note 20)	–	–	(14)	–	(14)	–	–
	47	1,438	(14)	907	2,378	562	2,047
Profit attributable to ordinary shareholders	–	–	–	144	144	152	152
Equity dividends paid and proposed	–	–	–	(221)	(221)	(221)	(221)
Issue of shares, net of expenses	–	22	–	–	22	–	22
Increase in shares held in treasury	–	–	(1)	–	(1)	–	–
Exchange translation differences	–	–	–	(303)	(303)	–	–
<b>At 1 January 2003</b>	<b>47</b>	<b>1,460</b>	<b>(15)</b>	<b>527</b>	<b>2,019</b>	<b>493</b>	<b>2,000</b>
Before prior year adjustment	47	1,460	–	527	2,034	493	2,000
Prior year adjustment (note 20)	–	–	(15)	–	(15)	–	–
Profit attributable to ordinary shareholders	–	–	–	242	242	203	203
Equity dividends paid and proposed	–	–	–	(221)	(221)	(221)	(221)
Issue of shares, net of expenses	–	3	–	–	3	–	3
Increase in shares held in treasury	–	–	(13)	–	(13)	–	–
Equalisation adjustments	–	–	–	8	8	–	–
Exchange translation differences	–	–	1	(311)	(310)	–	–
<b>At 31 December 2003</b>	<b>47</b>	<b>1,463</b>	<b>(27)</b>	<b>245</b>	<b>1,728</b>	<b>475</b>	<b>1,985</b>

Other than in respect of the representation of shares held in treasury (see note 20), the adoption of UK GAAP by Reed Elsevier NV had no impact on group shareholders' funds as at 1 January 2003 or on the group earnings for the year ended 31 December 2003. The adoption of UK GAAP had the effect of reducing parent company shareholders' funds as at 1 January 2003 by €34m and parent company attributable profit for the year ended 31 December 2003 by €39m compared to the amounts that would have been reported under Dutch GAAP.

Within paid-in surplus, an amount of €1,286m (2002: €1,283m) is free of tax.

Details of shares held in treasury are provided in note 26 to the combined financial statements.

A reconciliation between the parent company profit attributable to ordinary shareholders and the group profit attributable to ordinary shareholders presented under the gross equity method is provided below:

	2003 €m	2002 €m
Parent company profit attributable to ordinary shareholders	203	152
Share of profit after tax of joint ventures	239	142
Dividends received from joint ventures	(200)	(150)
Group profit attributable to ordinary shareholders using the gross equity method	242	144

A reconciliation between the parent company shareholders' funds and group shareholders' funds presented under the gross equity method is provided below:

	2003 €m	2002 €m
Parent company shareholders' funds	1,985	2,000
Cumulative profit attributable from joint ventures less cumulative dividends received	(148)	(187)
Cumulative currency translation adjustments	(204)	107
Cumulative equalisation adjustments and other adjustments	122	114
Shares held in treasury	(27)	(15)
Group shareholders' funds using the gross equity method	1,728	2,019