

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 December 1995.

REVIEW OF THE BUSINESS AND FUTURE ACTIVITIES

The company has been, and will continue to be, an investment holding company.

RESULTS AND DIVIDENDS

The company's profit on ordinary activities after taxation for the year was £66,093,000 (1994 - loss £50,000). Interim dividends in respect of the company's ordinary shares were paid of £66,093,000 (1994 - £Nil), leaving £nil retained profit (1994 - loss £50,000). The directors do not recommend the payment of an final dividend.

DIRECTORS

The directors who served during the year were as follows:

R G Baker	(Resigned 18 August 1995)
I A N Irvine	(Resigned 2 July 1996)
W M St J Radcliffe	(Appointed 18 August 1995, resigned 28 June 1996)
N J Stapleton	(Resigned 28 June 1996)

No directors were interested at any time in the year in the share capital of the company or any other group company.

Subsequent to the end of the year, on 28 June 1996, N J Stapleton and W M S J Radcliffe resigned as directors and were replaced by Formpart (No.3) Ltd and Formpart (No.4) Ltd. I A N Irvine also resigned on 2nd July 1996.

DIRECTORS' RESPONSIBILITIES

The directors are required by English company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of that period and of the profit or loss for that period. The directors are also required to maintain adequate accounting records.

Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. Applicable accounting standards have been followed.

The directors are responsible to the company for taking reasonable steps to safeguard its assets and to prevent and detect fraud and other irregularities.

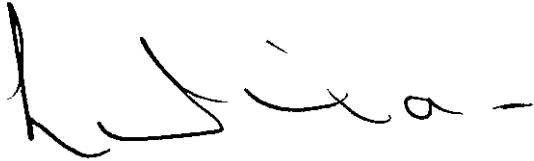
The directors, having made appropriate enquiries, consider that adequate resources exist for the business to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing these financial statements.



AUDITORS

On 1 February 1996 the company's auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. On 27 June 1996, the company passed elective resolutions to dispense both with the need to re-appoint Auditors annually and with the holding of Annual General Meetings. Accordingly, Deloitte & Touche are to continue as the company's auditors until otherwise resolved.

By Order of the Board 24.10.96

A handwritten signature in black ink, appearing to read 'L Dixon', followed by a horizontal line.

L Dixon
For and behalf of Formpart (No.2) Ltd, Secretary.

Registered Office :

Quadrant House,
The Quadrant,
Sutton,
Surrey,
SM2 5AS

AUDITORS' REPORT TO THE MEMBERS OF REED PUBLISHING LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

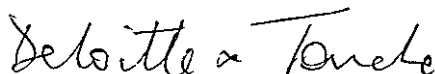
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 the company's affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants
and Registered Auditors

London

24 October 1996

REED PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>1995</u> £'000	<u>1994</u> £'000
Dividends received from subsidiary undertakings	66,093	-
Provision against investment in subsidiary undertakings	—	—(50)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	66,093	(50)
Taxation (Note 2)	—	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	66,093	(50)
Ordinary dividends paid	(66,093)	—
PROFIT/(LOSS) FOR THE YEAR	-	(50)
	=====	=====

REVENUE RESERVES

Opening revenue reserves	1,872	1,922
Profit/(Loss) for the year	-	(50)
Closing revenue reserves	1,872	1,872
	=====	=====

The historical cost profit and losses are not materially different from the results disclosed above.

REED PUBLISHING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

	<u>1995</u>	<u>1994</u>
	<u>£000</u>	<u>£000</u>
FIXED ASSETS		
Investments (Note 3)	83,671	83,671
CURRENT ASSETS		
Debtors (Note 4)	162,243	162,243
CREDITORS : Amounts falling due within one year (Note 5)	(150,972)	(150,972)
NET CURRENT ASSETS	<u>11,271</u>	<u>11,271</u>
NET ASSETS	<u>94,942</u> =====	<u>94,942</u> =====
CAPITAL AND RESERVES		
Called up share capital (Note 6)	48,218	48,218
Share premium account (Note 6)	44,152	44,152
Capital reserve (Note 6)	700	700
Profit and loss account	<u>1,872</u>	<u>1,872</u>
EQUITY SHAREHOLDERS' FUNDS (Note 7)	<u>94,942</u> =====	<u>94,942</u> =====

On behalf of the Board 24.10.96



Director - L. DIXON

REED PUBLISHING LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1995

1. ACCOUNTING POLICIES

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(a) The company is not required to prepare group accounts under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Community. The accounts for the company are presented as an individual entity. Similarly a cash flow statement is not required under Financial Reporting Standard 1.

(b) Investments are recorded at cost less provisions for any permanent diminution in value.

2. TAXATION

There is no taxation in 1995 as dividends of £66,093,000 (1994-£Nil) were paid and received under a Group Income Election.

3. INVESTMENTS

£000

(i) Shares in subsidiary undertakings:

Shares at cost at 1 January 1995 and 31 December 1995	89,754 =====
Provision at 1 January 1995 and at 31 December 1995	(6,083) =====
Net book value at 1 January 1995 and at 31 December 1995	83,671 =====

REED PUBLISHING LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1995 continued

(ii) Name of subsidiary undertakings

	Registered <u>in</u>	% of Equity share <u>capital</u>	Nature of <u>Business</u>
Reed Business Publishing Limited	England	100%	Publishing
Reed Information Services Limited	England	100%	Dormant Co.
Butterworth & Co (Publishers) Limited	England	100%	Holding Co.
Inquiry Management Systems Limited	England	100%	Dormant Co.
Datacross Services Limited	England	100%	Dormant Co.
Daily News Group Limited	England	100%	Dormant Co.
World Construction Publications Limited	England	100%	Dormant Co.
Series 1 Investments Limited	England	100%	Dormant Co.
Second City Consultants Limited	England	100%	Dormant Co.

		% of Preference share capital held	
Butterworth & Co (Publishers) Limited	England	100%	Holding Co.

(iii) In the opinion of the directors the value of the company's investment in, and advances to, its subsidiary undertakings is not less than the amounts stated in the balance sheet.

	<u>1995</u> <u>£000</u>	<u>1994</u> <u>£000</u>
4. <u>DEBTORS</u>		
Amounts falling due within one year:		
Due from immediate parent company	141,419	141,419
Due from subsidiary undertakings	19,484	19,484
Due from fellow subsidiary undertakings	1,340	1,340
	<u>162,243</u>	<u>162,243</u>

The amounts due from group undertakings are interest free and have no set repayment date.

REED PUBLISHING LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1995 continued

	<u>1995</u> <u>£000</u>	<u>1994</u> <u>£000</u>
5. <u>CREDITORS : Amounts falling due within one year:</u>		
Due to intermediate parent company	150,972 =====	150,972 =====

The amounts due to group undertakings are interest free and have no set repayment date.

6. CAPITAL AND RESERVES

Called up share capital

	<u>1995</u>	<u>1994</u>
Ordinary shares of £1 each		
- Authorised	84,667,868	84,667,868
- Issued and fully paid	48,217,868	48,217,868
		<u>£000</u>
As at 31 December 1994 and 31 December 1995		48,218 =====
<u>Share Premium Account</u>		<u>£000</u>
As at 31 December 1994 and 31 December 1995		44,152 =====
<u>Capital Reserve</u>		<u>£000</u>
As at 31 December 1994 and 31 December 1995		700 =====

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1995</u> <u>£000</u>	<u>1994</u> <u>£000</u>
As at 1 January	94,942	94,992
Profit/(Loss) attributable to ordinary shareholders	66,093	(50)
Ordinary dividends paid	(66,093)	-
As at 31 December	94,942 =====	94,942 =====

REED PUBLISHING LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1995 continued

8. DIRECTORS' EMOLUMENTS

No emoluments were paid to any of the directors in the year in respect of their services to the company (1994 - £Nil).

9. AUDITORS' REMUNERATION

The remuneration of the auditors of the company is borne by an intermediate holding company (1994 - £Nil).

10. PARENT COMPANY

The company's ultimate parent company is Reed Elsevier plc, a company registered in England. Reed Elsevier plc is jointly owned by Reed International P.L.C. (a company registered in England and Wales) and Elsevier NV (a company incorporated in the Netherlands).

RPH Limited, a company registered in England, is the parent undertaking of the smallest group to consolidate the accounts of the company.

Copies of the consolidated accounts of both RPH Limited and Reed Elsevier plc, can be obtained from Secretarial Department, Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS.