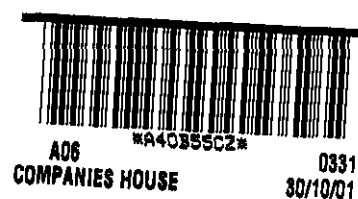


**COMPANY NUMBER: 52790**

**REED PUBLISHING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2000**



## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### **TRADING RESULTS AND DIVIDENDS**

The Company has not traded throughout the year and has made neither a profit nor a loss.

### **PRINCIPAL ACTIVITIES**

The Company carried on the activities of a holding company and the Directors do not anticipate any changes in these activities. The company was a wholly-owned subsidiary throughout the year and accordingly group accounts have not been prepared.

### **EURO**

The Directors consider that the business of the Company will not be materially affected by the introduction of the euro by the 11 European countries participating in European Economic and Monetary Union (EMU).

### **DIRECTORS**

The following persons have served as Directors since 1 January 2000:

Formpart (No. 3) Limited

Formpart (No. 4) Limited

### **DIRECTORS' INTERESTS**

No Director was beneficially interested at any time in the share capital of the Company or other group companies.

## DIRECTORS' REPORT CONTINUED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

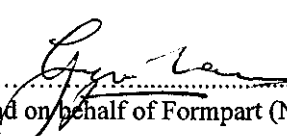
Suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. Applicable accounting standards have been followed.

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

### AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board  
25, Victoria Street  
London SW1 0EX

  
.....  
For and on behalf of Formpart (No. 2) Limited,  
Secretary

22 October 2001

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED PUBLISHING LIMITED

We have audited the financial statements of Reed Publishing Ltd for the year ended 31 December 2000 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report 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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

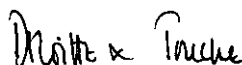
### Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants  
and Registered Auditors  
Hill House  
1 Little New Street  
London EC4A 3TR

26 October 2001

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

	<u>Note</u>	<u>2000</u>	<u>1999</u>
		£'000	£'000
Continuing operations:			
Investment income	2	-	13,864
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>-</u>	<u>13,864</u>
Tax on profit on ordinary activities	4	-	-
PROFIT AFTER TAXATION		<u>-</u>	<u>13,864</u>
Dividends paid	5	-	(15,715)
EXCESS OF DIVIDENDS OVER PROFIT	10	<u><u>-</u></u>	<u><u>(1,851)</u></u>

**STATEMENT OF RETAINED RESERVES**

Retained profit brought forward		21	1,872
Excess of dividends over profit		-	(1,851)
Retained profit carried forward	10	<u><u>21</u></u>	<u><u>21</u></u>

The Company had no recognised gains or losses this year or during the prior year other than those reflected in the above profit and loss account. Consequently, a separate statement of total recognised gains and losses is not provided.

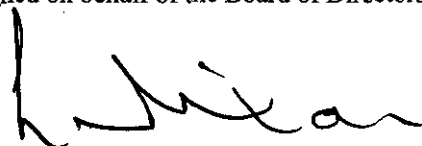
The notes on pages 7 to 9 form part of these accounts.

# BALANCE SHEET AT 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> £'000	<u>1999</u> £'000
<b>FIXED ASSETS</b>			
Investments	6	409,532	409,532
<b>CURRENT ASSETS</b>			
Debtors	7	10,740	10,740
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	8	(181)	(181)
NET CURRENT ASSETS		<u>10,559</u>	<u>10,559</u>
NET ASSETS		<u>420,091</u>	<u>420,091</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	77,945	77,945
Share premium	10	341,425	341,425
Capital reserve	10	700	700
Profit and loss account	10	21	21
EQUITY SHAREHOLDERS' FUNDS	10	<u>420,091</u>	<u>420,091</u>

These financial statements were approved by the Board of Directors on 22/10/2001.

Signed on behalf of the Board of Directors



For and on behalf of Formpart (No. 3) Limited,  
Director

The notes on pages 7 to 9 form part of these accounts.

## NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

### 1. Accounting policies

#### Compliance with accounting standards

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

#### Investments

Fixed assets investments are stated at cost less any provision for impairment in value, where appropriate.

### 2. Investment income

	<u>2000</u>	<u>1999</u>
	£'000	£'000
Dividend received from subsidiary undertaking	<u>-</u>	<u>13,864</u>

During 1999 the Company received a dividend from Butterworth & Co. (Publishers) Limited of £15,003,000. Of this £1,139,000 was credited to investments and £13,864,000 was credited to the profit and loss account.

### 3. Operating profit and profit on ordinary activities before taxation

The Directors receive no emoluments in respect of their services to the Company. The auditors' remuneration is borne by another group company. The Company has no employees.

### 4. Tax on profits on ordinary activities

There was no tax charge in 1999 as the dividends received were made under the Group Income election.

### 5. Dividends paid

	<u>2000</u>	<u>1999</u>
	£'000	£'000
Interim dividend at nil per share (1999: 20.16p)	<u>-</u>	<u>15,715</u>

**6. Fixed asset investments**

<u>Shares in group undertakings</u>	Cost £'000	Provisions £'000	Net book value £'000
At 1 January 2000 and 31 December 2000	415,292	(5,760)	409,532

Principal subsidiary undertakings

<u>Name of company</u>	Country of incorporation and operation	Proportion of equity capital held	
		Direct	Indirect
<u>Publishing</u>			
Reed Business Information Limited	England	100%	
The ICIS-LOR Group Limited	England		100%
<u>Dormant</u>			
Butterworth & Co (Publishers) Ltd	England	100%	
Datacross Services Limited	England	100%	
Inquiry Management Systems Limited	England	100%	
Reed Information Services Limited	England	100%	
The Estates Gazette, Limited	England		100%

In the opinion of the Directors the aggregate value of the Company's interest in its subsidiaries is not less than the aggregate amount at which it is stated in the balance sheet.

**7. Debtors**

	<u>2000</u> £'000	<u>1999</u> £'000
Amounts owed by subsidiary undertakings	<u>10,740</u>	<u>10,740</u>

**8. Creditors (amounts falling due within one year)**

	<u>2000</u> £'000	<u>1999</u> £'000
Amounts owed to fellow subsidiary undertakings	<u>181</u>	<u>181</u>



**9. Called up share capital**

<u>At 31 December 1999 and 31 December 2000</u>	Authorised		Issued and fully paid	
	Number	£'000	Number	£'000
Ordinary shares of £1 each	84,667,868	84,668	77,945,141	77,945

**10. Shareholders' funds**

	Share capital	Share premium	Capital reserve	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 January 2000 and 31 December 2000	77,945	341,425	700	21	420,091

**11. Group accounts and cash flow statement**

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 Union and the parent undertaking prepares group accounts. Accordingly these financial statements present information about this company as an individual undertaking and not as a group. Similarly, a cash flow statement is not required under Financial Reporting Standard 1 (Revised) (Cash Flow Statements).

**12. Ultimate parent company**

The Company's ultimate parent undertaking and controlling entity is Reed Elsevier plc, a company registered in England and Wales. Copies of the consolidated accounts of Reed Elsevier plc may be obtained from its registered office at 25 Victoria Street, London SW1 0EX. 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).

**13. Related party transactions**

The Company has taken advantage of the exemption granted under paragraph 3(c) of Financial Reporting Standard 8 (Related Party Disclosures) not to disclose transactions with entities that are part of the Reed Elsevier plc group as the consolidated financial statements of Reed Elsevier plc, in which the Company is included, are publicly available.

The fellow associated undertakings of the Company's ultimate parent undertaking are Elsevier Reed Finance BV and its subsidiaries. Elsevier Reed Finance BV is incorporated in the Netherlands and jointly owned by Reed International P.L.C. and Elsevier NV. The Elsevier Reed Finance BV group provides a range of treasury services to the Reed Elsevier plc group.