

**RE DIRECTORS (NO.1) LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002**

	31.12.02 £	31.12.01 £
Provisions against investments	-	(748,426)
Investment income	-	1,703,000
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	-	954,574
Tax on profit on ordinary activities	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	-	954,574
Dividends paid	-	(4,739,000)
LOSS TRANSFERRED TO RESERVES	-	(3,784,426)

**STATEMENT OF RETAINED RESERVES**

Retained profit brought forward	617	3,785,043
Loss transferred to reserves	-	(3,784,426)
Retained profit carried forward	617	617



**RE DIRECTORS (NO.1) LIMITED****BALANCE SHEET AT 31 DECEMBER 2002**

	Note	31.12.02 £	31.12.01 £
<b>FIXED ASSETS</b>			
Investments	1	1,610,584	1,610,584
<b>LIABILITIES</b>			
Creditors (amounts falling due within one year)	2	<u>(1,539,967)</u>	<u>(1,539,967)</u>
		<u>70,617</u>	<u>70,617</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	3	70,000	70,000
Profit and loss account		<u>617</u>	<u>617</u>
		<u>70,617</u>	<u>70,617</u>

For the year ended 31 December 2002 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- ensuring the company keeps accounting records which comply with section 221; and
- preparing accounts 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 its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The Company's ultimate parent undertaking and controlling entity is Reed Elsevier Group plc (formerly Reed Elsevier plc), a company incorporated in Great Britain. The smallest and largest group into which the accounts of the Company for the year ended 31 December 2002 are consolidated is Reed Elsevier Group plc.

Approved by the board of directors on 9 September 2003 and signed by

  
G. L. Lenon  
Director

<u>Notes</u>	31.12.02 £	31.12.01 £	
<b>1. Investments</b>			
<u>Investment in subsidiary undertakings</u>			
Shares at cost	2,359,010	2,359,010	
Provisions	<u>(748,426)</u>	<u>(748,426)</u>	
Net book amount	<u>1,610,584</u>	<u>1,610,584</u>	
<u>Subsidiary undertakings</u>	Country of registration	Proportion held	
Dormant:			
Formpart (No. 5) Ltd	England	100%	RE
Directors (No.2) Ltd	England	100%	

In the opinion of the directors the value of the company's investments are not less than the amounts they are stated at in the balance sheet

**RE DIRECTORS (NO.1) LIMITED****NOTES TO THE ACCOUNTS**  
**AT 31 DECEMBER 2002 CONTINUED**

	31.12.02 £	31.12.01 £
<b>2. Creditors (amounts falling due within one year)</b>		
Amounts due to immediate parent undertaking	1,539,247	1,539,247
Interest free loan	<u>720</u>	<u>720</u>
	<u>1,539,967</u>	<u>1,539,967</u>
<b>3. Called up share capital</b>		
	<u>Authorised</u> Number                      £	<u>Issued and fully paid</u> Number                      £
<u>As at 31 December 2001 and 31 December 2002</u>		
Ordinary shares of £1 each	<u>100,000</u> <u>100,000</u>	<u>70,000</u> <u>70,000</u>

**4. Group accounts**

The Company is not required to prepare group accounts under Section 228 of the Companies Act 1985 because its ultimate parent undertaking is established under the law of a member state of the European Union and the ultimate parent undertaking prepares group accounts. Accordingly these financial statements present information about this company as an individual undertaking and not as a group.