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ELSEVIER PUBLISHING COMPANY LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 1985



PLANTER FERTILISING COMPANY LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1985

CONTENTS

	<u>PAGE</u>
Report of the directors	2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Statement of source and application of funds	6
Notes to the financial statements	7 - 11

ELSEVIER PUBLISHING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 1985.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the publishing and selling of scientific books and journals. The company trades under the name of Elsevier Applied Science Publishers Limited by way of an agency agreement.

The company is in a satisfactory position as at 31st December 1985. Subsequent to the year end, the company acquired the trade and business of a fellow subsidiary, Elsevier I.R.C.S. Limited.

RESULTS

The profit for the year after tax was £444,392. The directors have paid three interim dividends aggregating to £659,300, but do not recommend the payment of a final dividend.

DIRECTORS DURING THE YEAR

The directors who held office during the year were:

V.M. Atkins
J.J.F. Kels
L.J. Mulder
M. Pijnenborg

DIRECTORS' INTERESTS

The directors have no interests in shares which are required to be shown pursuant to Section 235 of the Companies Act 1985.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Deloitte Haskins & Sells auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

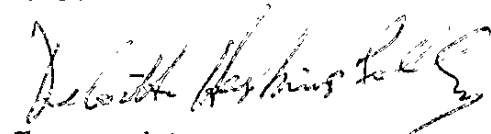
Carl Sisti

Secretary.
Barking, Essex.

REPORT OF THE AUDITORS
TO THE MEMBERS OF ELSEVIER PUBLISHING COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.



Chartered Accountants

London.

20 JAN 1986

ELSEVIER PUBLISHING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1985


	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
TURNOVER	2	3,582,945	3,060,322
COST OF SALES		<u>1,392,142</u>	<u>1,235,640</u>
GROSS PROFIT		2,190,803	1,824,682
ADMINISTRATIVE EXPENSES	3	(1,622,271)	(1,351,081)
INTEREST PAYABLE TO GROUP COMPANY		-	(2,941)
INTEREST RECEIVABLE	5	<u>182,760</u>	<u>173,806</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		751,292	644,466
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>306,900</u>	<u>347,746</u>
PROFIT FOR THE FINANCIAL YEAR		444,392	296,720
DIVIDENDS - interim, paid		659,300	80,000
- final, proposed		-	433,436
BALANCE at 1st January 1985		<u>657,905</u>	<u>874,621</u>
BALANCE at 31st December 1985		<u><u>£442,997</u></u>	<u><u>£657,905</u></u>

LEWIS PUBLISHING COMPANY LIMITED

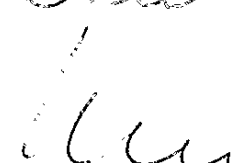
BALANCE SHEET AT 31st DECEMBER 1985

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
FIXED ASSETS			
Tangible assets	7	<u>355,677</u>	<u>224,033</u>
CURRENT ASSETS			
Stocks	8	414,920	418,319
Debtors	9	873,372	774,692
Cash at bank and in hand		<u>1,303,750</u>	<u>2,174,355</u>
		<u>2,592,042</u>	<u>3,367,367</u>
CURRENT LIABILITIES - CREDITORS:			
Amounts falling due within one year	10	<u>2,293,138</u>	<u>2,713,315</u>
NET CURRENT ASSETS		<u>298,904</u>	<u>654,052</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>654,581</u>	<u>878,085</u>
CREDITORS			
Amounts falling due after more than one year	10	71,584	91,180
PROVISION FOR LIABILITIES AND CHARGES:			
Deferred taxation	11	<u>11,000</u>	<u>-</u>
NET ASSETS		<u>£571,997</u>	<u>£786,905</u>
CAPITAL AND RESERVES			
Called-up share capital	12	129,000	129,000
Profit and loss account		<u>442,997</u>	<u>657,905</u>
		<u>£571,997</u>	<u>£786,905</u>

The financial statements on pages 4 to 11 were approved by the board of directors on 21st Dec 1985 and signed on its behalf by:



) Directors



ELSEVIER PUBLISHING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st DECEMBER 1985

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
SOURCE OF FUNDS		
Profit before taxation	751,292	644,466
Items not involving the movement of funds:		
Depreciation of fixed assets	81,354	47,193
Loss/(profit) on sale of fixed assets	7,374	(6,400)
Dividend paid through inter company account	-	(80,000)
TOTAL FUNDS GENERATED FROM OPERATIONS	<u>840,020</u>	<u>605,259</u>
Proceeds on disposal of fixed assets	<u>7,171</u>	<u>6,400</u>
TOTAL SOURCES OF FUNDS	<u>847,191</u>	<u>611,659</u>
APPLICATION OF FUNDS		
Fixed assets purchased	227,543	136,923
Taxation paid	550,317	479,726
Dividends paid	1,092,736	-
	<u>1,870,596</u>	<u>616,649</u>
NET (DECREASE) IN FUNDS	<u>£(1,023,405)</u>	<u>£(4,990)</u>
REPRESENTED BY A NET (DECREASE)		
IN WORKING CAPITAL:		
Stocks	(3,399)	8,272
Debtors	284,437	(119,739)
Creditors (excluding corporation tax)	(433,838)	(274,925)
	<u>15.,800</u>	<u>(386,392)</u>
Movement in net liquid funds:		
(Decrease)/increase in bank balances and cash	<u>(870,605)</u>	<u>381,402</u>
NET (DECREASE) IN WORKING CAPITAL	<u>£(1,023,405)</u>	<u>£(4,990)</u>

ELSEVIER PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1985

1. ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis of accounting adopting the following accounting policies.

- (a) Turnover represents the amount invoiced, excluding discounts and value added tax, in respect of the sale of books and journals to customers during the year.
- (b) Depreciation is calculated so that freehold property, plant, machinery and vehicles are written off by equal annual instalments over their estimated useful lives at the following rates:
- | | |
|--|--------------|
| Freehold warehouse | - 2% |
| Motor vehicles | - 30% |
| Fixtures and fittings and office furniture | - 10% to 15% |
| Computer equipment | - 33.33% |
- (c) Stock and work in progress are valued at cost less provisions designed to reduce cost to net realisable value. Cost includes the invoiced price for paper, typesetting, printing and binding and an appropriate proportion of production and other overheads. Work in progress represents such costs incurred up to the balance sheet date in respect of titles yet to be published.
- (d) Deferred taxation is provided on the liability method on all timing differences, except where it can be reasonably demonstrated that no corporation tax liabilities will arise in the foreseeable future.
- (e) Foreign currency transactions arising during the year are stated at the approximate rates of exchange ruling at the time they arise. Foreign currency assets and liabilities are translated into pounds sterling at the approximate rates of exchange ruling at the balance sheet date. Exchange adjustments are charged or credited to the profit and loss account as they arise.
- (f) Pension costs are charged to the profit and loss account when contributions are made. Any unfunded liabilities of the pension plan are met by adjustments to future years' contributions following regular consultations, with the independent actuaries.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

In the opinion of the directors the company conducts one major class of business, the publishing and selling of scientific books and journals.

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Geographical markets supplied:		
United Kingdom	667,000	665,842
Americas	986,910	636,750
Europe	1,056,222	819,310
The Rest of the World	872,813	938,420
	<u>£3,582,945</u>	<u>£3,060,322</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1985 (continued)

3. ADMINISTRATIVE EXPENSES

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
Administrative expenses include:		
Depreciation	81,354	47,193
Auditors' remuneration	7,000	6,500
Staff costs (note 4)	727,400	601,967
Compensation for loss of office	-	134,680
Relocation and refurbishment costs	99,429	153,028
	<u> </u>	<u> </u>

4. DIRECTORS AND EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:

	<u>1985</u>	<u>1984</u>
	<u>Number</u>	<u>Number</u>
Administrative staff	61	58
Warehouse staff	8	5
	<u> </u>	<u> </u>
	69	63
	<u> </u>	<u> </u>

Staff costs (for the above persons):

	<u>£</u>	<u>£</u>
Wages and salaries	637,443	520,905
Social security costs	45,150	45,028
Other pension costs	44,807	36,034
	<u> </u>	<u> </u>
	£727,400	£601,967
	<u> </u>	<u> </u>

The remuneration paid to directors was:

Managerial services	-	24,068
Compensation for loss of office	-	134,680
	<u> </u>	<u> </u>
	£ -	£158,748
	<u> </u>	<u> </u>

The directors' emoluments disclosed above (excluding pension contributions) were paid to:

The chairman	<u>£ -</u>	<u>£ -</u>
The highest paid director	<u>£ -</u>	<u>£24,068</u>

The emoluments of all other directors were Nil (1984 - Nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1985 (continued)

5. INTEREST RECEIVABLE

	1985 £	1984 £
Bank interest receivable	173,217	155,012
Interest receivable from group companies	9,543	18,794
	<u>£182,760</u>	<u>£173,806</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1985 £	1984 £
Based on profit for the year:		
CURRENT		
Corporation tax, at 41.25% (1984 - 46.25%)	306,477	385,794
Overseas tax	423	999
Deferred tax	11,000	(41,221)
	<u>317,900</u>	<u>345,572</u>
PRIOR YEAR		
Corporation tax	(11,000)	3,971
Deferred tax	-	(1,797)
	<u>£306,900</u>	<u>£347,746</u>

The taxation charge for the year has been increased by £21,215 (1984 - £23,550) in respect of permanently disallowable expenses.

7. TANGIBLE FIXED ASSETS

	Freehold building £	Motor vehicles £	Plant and machinery £	Total £
COST				
At 1st January 1985	55,000	89,321	266,942	411,263
Additions	-	35,883	191,660	227,543
Disposals	-	(18,417)	(79,374)	(97,791)
At 31st December 1985	<u>55,000</u>	<u>106,787</u>	<u>379,228</u>	<u>541,015</u>
DEPRECIATION				
At 1st January 1985	11,000	25,685	150,545	187,230
Charge for the year	1,100	28,485	51,769	81,354
Eliminated in respect of disposals	-	(14,390)	(68,856)	(83,246)
At 31st December 1985	<u>12,100</u>	<u>39,780</u>	<u>133,458</u>	<u>185,338</u>
NET BOOK VALUE				
At 31st December 1985	<u>£42,900</u>	<u>£67,007</u>	<u>£245,770</u>	<u>£355,677</u>
At 31st December 1984	<u>£44,000</u>	<u>£63,636</u>	<u>£116,397</u>	<u>£224,033</u>

JOHNSON PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1985 (continued)

8. STOCKS

	<u>1985</u> £	<u>1984</u> £
Stocks comprise:		
Bound books	23,030	298,142
Work in progress	112,458	77,795
Paper	279,432	42,382
	<u>£414,920</u>	<u>£418,319</u>

9. DEBTORS

	<u>1985</u> £	<u>1984</u> £
Amounts falling due within one year:		
Trade debtors	468,780	397,166
Amounts owed by holding company and fellow subsidiary	258,756	77,441
Other debtors	77,633	68,108
Prepayments	68,203	46,220
	<u>873,372</u>	<u>588,935</u>
Amount falling due after more than one year:		
Advance corporation tax recoverable	-	185,758
	<u>£873,372</u>	<u>£774,693</u>

10. CREDITORS

	<u>1985</u> £	<u>1984</u> £
Amounts falling due within one year:		
Trade creditors	243,499	213,068
Amounts owed to holding company	6,568	2,926
Dividend proposed	-	433,436
Corporation tax	197,078	637,253
Other creditors	343,687	265,984
Other taxation and social security payable	28,245	26,402
Accruals	95,301	118,011
Deferred income - subscriptions received in advance	1,378,760	1,016,235
	<u>£2,293,138</u>	<u>£2,713,315</u>
Amounts falling due after more than one year:		
Accruals - compensation to former director	<u>£ 71,584</u>	<u>£ 91,180</u>

ELSEVIER PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1985 (continued)

11. DEFERRED TAXATION

The potential amount of deferred taxation for all timing differences which has been fully provided is as follows:

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Excess of tax allowances over depreciation	49,777	44,836
Short-term timing differences	(6,655)	(1,948)
Other	(32,122)	(42,888)
	<u>£11,000</u>	<u>£ -</u>

12. CALLED-UP SHARE CAPITAL

	<u>1985</u>	<u>1984</u>
Authorised:		
150,000 Ordinary shares of £1 each	<u>£150,000</u>	<u>£150,000</u>
Allotted, called-up and fully paid:		
129,000 Ordinary shares of £1 each	<u>£129,000</u>	<u>£129,000</u>

13. CONTINGENT LIABILITY

The company is acting as guarantor in respect of a leasing agreement entered into by a fellow subsidiary, for amounts up to £40,000.

14. ULTIMATE HOLDING COMPANY

The ultimate holding company is Elsevier - N.D.U. n.v., which is incorporated in The Netherlands.