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ELSEVIER PUBLISHING COMPANY LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 1983



REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1983

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ELSEVIER PUBLISHING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31st December 1983.

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 (formerly Applied Science Publishers Limited) by way of an agency agreement.

The year has been one of growth, particularly in the area of sales of journals. It is anticipated that next year will show a similar improvement in the company's financial position.

RESULTS

The retained profit for the year was £285,182 which when added to the retained profit brought forward of £589,439 gives retained profit carried forward of £874,621. The directors do not recommend the payment of a 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
L.E. Rayner

DIRECTORS' INTERESTS

The directors have no interests in shares which are required to be shown pursuant to Section 16 of the Companies Act 1967.

AUDITORS

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

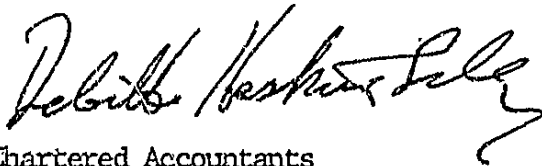


Secretary,
Barking, Essex.

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 1983 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.



Chartered Accountants

London.

19 JUL 1984

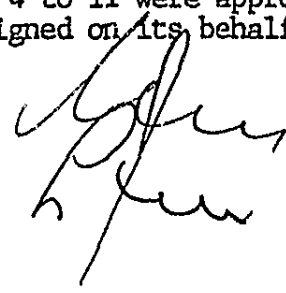
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1983

	<u>Notes</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
TURNOVER	2	2,414,842	2,155,459
COST OF SALES		1,010,652	958,996
GROSS PROFIT		<u>1,404,190</u>	<u>1,196,463</u>
ADMINISTRATIVE EXPENSES	3	(907,150)	(850,371)
INTEREST PAYABLE TO GROUP COMPANY		(1,869)	(944)
INTEREST RECEIVABLE	5	120,768	91,724
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>615,939</u>	<u>436,872</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	330,757	212,263
PROFIT FOR THE FINANCIAL YEAR	13	<u>£285,182</u>	<u>£224,609</u>

BALANCE SHEET AT 31st DECEMBER 1983

	<u>Notes</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
FIXED ASSETS			
Tangible assets	7	<u>134,303</u>	<u>162,667</u>
CURRENT ASSETS			
Stocks	8	410,047	358,161
Debtors	9	708,674	834,804
Cash at bank and in hand		<u>1,792,953</u>	<u>918,256</u>
		<u>2,911,674</u>	<u>2,111,221</u>
CURRENT LIABILITIES - CREDITORS:			
Amounts falling due within one year	10	<u>2,002,932</u>	<u>1,508,360</u>
NET CURRENT ASSETS		<u>908,742</u>	<u>602,861</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,043,045</u>	<u>765,528</u>
PROVISION FOR LIABILITIES AND CHARGES:			
Deferred taxation	11	<u>39,424</u>	<u>47,089</u>
NET ASSETS		<u>£1,003,621</u>	<u>£718,439</u>
CAPITAL AND RESERVES			
Called-up share capital	12	129,000	129,000
Profit and loss account	13	<u>874,621</u>	<u>589,439</u>
		<u>£1,003,621</u>	<u>£718,439</u>

The financial statements on pages 4 to 11 were approved by the board of directors on - 2 JUL 1984 and signed on its behalf by:

)
) Directors 
)

ELSEVIER PUBLISHING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31st DECEMBER 1983

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
SOURCE OF FUNDS		
Profit before taxation	615,939	436,872
Items not involving the movement of funds:		
Depreciation of fixed assets	61,286	30,910
Loss/(profit) on sale of fixed assets	5,165	(1,049)
TOTAL FUNDS GENERATED FROM OPERATIONS	<u>682,390</u>	<u>466,733</u>
Proceeds on disposal of fixed assets	9,800	1,875
TOTAL SOURCES OF FUNDS	<u>692,190</u>	<u>468,608</u>
APPLICATION OF FUNDS		
Fixed assets purchased	47,887	33,044
Taxation paid	164,241	875
	<u>212,128</u>	<u>33,919</u>
NET INCREASE IN FUNDS	<u>£480,062</u>	<u>£434,689</u>
THE NET INCREASE IN FUNDS IS REPRESENTED BY A NET INCREASE IN WORKING CAPITAL COMPRISING:		
Increase in stocks	51,886	26,864
(Decrease)/increase in debtors	(126,130)	404,000
Increase in creditors (excluding corporation tax)	(320,391)	(193,560)
	<u>(394,635)</u>	<u>237,304</u>
Movement in net liquid funds:		
Increase in bank balances and cash	874,697	197,385
NET INCREASE IN WORKING CAPITAL	<u>£480,062</u>	<u>£434,689</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1983

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 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	- 15%
- (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>1983</u> £	<u>1982</u> £
Geographical markets supplied:		
United Kingdom	559,022	522,549
Americas	573,715	587,580
Europe	571,315	440,265
The Rest of the World	710,790	605,065
	<u>£2,414,842</u>	<u>£2,155,459</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1983 (continued)

3. ADMINISTRATIVE COSTS	<u>1983</u> £	<u>1982</u> £
Administrative costs are stated after charging:		
Depreciation	61,286	30,910
Auditors' remuneration	5,381	6,400
Staff costs (note 4)	<u>529,533</u>	<u>493,719</u>

The depreciation charge above includes £26,200 (1982 - Nil) in respect of additional provisions required in respect of a permanent diminution in the value of certain tangible fixed assets

4. DIRECTORS AND EMPLOYEES

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

	<u>1983</u> Number	<u>1982</u> Number
Administrative staff	54	52
Warehouse staff	<u>6</u>	<u>6</u>
	<u>60</u>	<u>58</u>

	<u>1983</u> £	<u>1982</u> £
Staff costs (for the above persons):		
Wages and salaries	460,855	428,513
Social security costs	40,409	39,943
Other pension costs	28,269	25,263
	<u>£529,533</u>	<u>£493,719</u>

The remuneration paid to directors was:

Management remuneration and pension contributions	<u>£36,077</u>	<u>£33,946</u>
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The directors' emoluments disclosed above (excluding pension contributions) were paid to:

The chairmen	<u>£ -</u>	<u>£ -</u>
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The highest paid director	<u>£33,419</u>	<u>£31,448</u>
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The emoluments of all other directors were Nil (1982 - Nil)

5. INTEREST RECEIVABLE	<u>1983</u> £	<u>1982</u> £
Bank interest receivable	100,200	91,724
Interest receivable from group companies	<u>20,568</u>	<u>-</u>
	<u>£120,768</u>	<u>£91,724</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1983 (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	1983 £	1982 £
Based on profit for the year:		
CURRENT		
Corporation tax, at 50½% (1982 - 52%)	331,429	207,844
Overseas tax	1,363	875
Deferred tax	(7,655)	10,200
	<u>325,127</u>	<u>218,919</u>
PRIOR YEAR		
Corporation tax	5,630	(6,656)
	<u>£330,757</u>	<u>£212,263</u>

The taxation charge for the year has been reduced by £10,538 (1982 - £9,350) in respect of stock relief.

7. TANGIBLE FIXED ASSETS	Freehold building £	Motor vehicles £	Plant and machinery £	Total £
COST				
At 1st January 1983	55,000	47,689	176,553	279,242
Additions	-	21,377	26,510	47,887
Disposals	-	(15,026)	(15,850)	(30,876)
At 31st December 1983	<u>55,000</u>	<u>54,040</u>	<u>187,213</u>	<u>296,253</u>
DEPRECIATION				
At 1st January 1983	8,800	28,406	79,369	116,575
Provision for year	1,100	15,627	44,559	61,286
Eliminated in respect of disposals	-	(10,562)	(5,349)	(15,911)
At 31st December 1983	<u>9,900</u>	<u>33,471</u>	<u>118,579</u>	<u>161,950</u>
NET BOOK VALUE				
At 31st December 1983	<u>£45,100</u>	<u>£20,569</u>	<u>£68,634</u>	<u>£134,303</u>
At 31st December 1982	<u>£46,200</u>	<u>£19,283</u>	<u>£97,184</u>	<u>£162,667</u>

8. STOCKS	1983 £	1982 £
Stock comprises:		
Bound books	284,408	267,805
Work in progress	98,975	79,023
Paper	26,664	11,333
	<u>£410,047</u>	<u>£358,161</u>

In the opinion of the directors, the replacement cost of raw materials is not significantly different from the balance sheet value in either of the years.

ELSEVIER PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1983 (continued)

9. DEBTORS	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Amounts falling due within one year:		
Trade debtors	320,046	313,772
Amounts due from holding company and fellow subsidiary	312,786	460,472
Other debtors	52,301	40,460
Prepayments	23,541	20,100
	<u>£708,674</u>	<u>£834,804</u>

10. CREDITORS	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Amounts falling due within one year:		
Trade creditors	161,661	120,965
Amounts due to holding company	17,412	27,894
Corporation tax	544,051	369,870
Other creditors	203,722	196,702
Other taxation and social security payable	-	14,391
Accruals	96,890	53,070
Deferred income - subscriptions received in advance	979,196	725,468
	<u>£2,002,932</u>	<u>£1,508,360</u>

11. DEFERRED TAXATION

The potential amount of deferred taxation for all timing differences calculated on the liability method is as follows:

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Excess of tax allowances over depreciation	28,102	42,204
Short-term timing differences	11,322	4,885
	<u>£39,424</u>	<u>£47,089</u>

The potential liability has been fully provided, since it is anticipated that timing differences will reverse in the foreseeable future.

12. CALLED-UP SHARE CAPITAL	<u>1983</u>	<u>1982</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>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 1983 (continued)

13. PROFIT AND LOSS ACCOUNT

	£
At 1st January 1983	589,439
Profit for the year	285,182
At 31st December 1983	<u>£874,621</u>

14. 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.

15. ULTIMATE HOLDING COMPANY

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