

939885

PENSORD PRESS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS 1996



PENSORD PRESS LIMITED**Registered in England****Number 939885****DIRECTORS:**

H P J Meakin (Chairman)
N G Bernays
W D Littleford (USA)
I Vinall
W F A Poole

SECRETARY:

M A Rogers

REGISTERED OFFICE:

Tram Road,
Pontllanfraith,
Blackwood,
Gwent.
NP2 2YA

AUDITORS:

Coopers & Lybrand,
Chartered Accountants and
Registered Auditors,
1 Embankment Place,
London.
WC2N 6NN

BANKERS:

National Westminster Bank PLC,
21 Lombard Street,
London.
EC3P 3AR

**PENSORD PRESS LIMITED
DIRECTORS' REPORT 1996**

The directors present their Annual Report, together with the audited financial statements for the year ended 31 December 1996.

1. 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 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, subject to any material departures disclosed and explained in the financial statements;
- * Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

2. ULTIMATE HOLDING COMPANY

The ultimate holding company is Aspen Communications PLC, a company incorporated in England.

3. DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

H P J Meakin
N G Bernays
N F Worgan (resigned 30 April 1996)
W D Littleford (USA)
I Vinall
W F A Poole

PENSORD PRESS LIMITED
DIRECTORS' REPORT 1996 (cont'd)

The interests of Messrs Meakin and Vinall, who are also directors of Aspen Communications PLC, are shown in the Directors' Report of that Company.

Options to subscribe for ordinary shares in Aspen Communications PLC under the terms of its share option schemes have been granted to the other directors as follows:

	1st January	Granted in year	Exercised in year	31st December	Exercise price	Market price on day of exercise	Date from which exercisable	Expiry date
N G Bernays	13,000	-	-	13,000	168p	-	16/11/93	15/11/00
	4,000	-	-	4,000	114p	-	05/05/95	04/05/02
W F A Poole	-	5,000	-	5,000	139p	-	01/11/99	31/10/09

Other than those disclosed above, no directors have been granted share options in the shares or held shares of the company or other group of companies.

The market price of Aspen Communications PLC's shares at the end of the financial year was 123p and the range of market prices during the year was between 87p and 295p.

4. BUSINESS REVIEW

The results for the year are shown in the profit and loss account on page 7.

On 17th February 1996 the premises and plant of the company were substantially damaged by fire. The company was fully covered by insurance for material damage and for business interruption for a period of twelve months.

Otherwise both the level of business and the year end financial position were satisfactory, and the directors expect that the level of activity will be sustained for the foreseeable future.

5. PRINCIPAL ACTIVITY

The principal activity of the company is the printing of magazines and periodicals.

6. FIXED ASSETS

Details of the movements in tangible fixed assets during the year are given in Note 10 to the financial statements. The value of the company's freehold property is currently less than the cost included in the financial statements. In the opinion of the directors, there is no permanent diminution in value.

PENSORD PRESS LIMITED
DIRECTORS' REPORT 1996 (cont'd)

7. CREDITOR PAYMENT POLICY

The company agrees terms and conditions under which business transactions with suppliers are conducted. It is the company's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

8. DIVIDEND

The Directors propose a final dividend of £2,000,000 (1995: £100,000).

9. AUDITORS

KPMG resigned their position as auditors during the year. The Directors appointed Coopers & Lybrand to fill the casual vacancy. A resolution to reappoint Coopers & Lybrand as auditors will be proposed at the annual general meeting.



By Order of the Board
Date 30 April 1997

Mark A Rogers
Secretary

**REPORT OF THE AUDITORS, COOPERS & LYBRAND
TO THE MEMBERS OF PENSORD PRESS LIMITED**

We have audited the financial statements on pages 7 to 18.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand,
Chartered Accountants and
Registered Auditors,
1 Embankment Place,
London.
WC2N 6NN

20 April 1997

Date

PENSORD PRESS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	NOTE	1996 £	1995 £
TURNOVER	2.	7,159,247	7,439,612
Cost of sales		(4,873,345)	(5,365,729)
GROSS PROFIT		2,285,902	2,073,883
Distribution costs		464,348	437,966
Administrative expenses		1,417,970	1,236,309
Exceptional income	4.	(160,000)	-
		(1,722,318)	(1,674,275)
OPERATING PROFIT		563,584	399,608
Exceptional profit on disposal of fixed assets	4.	1,250,000	-
Interest payable less receivable	5.	(54,423)	(46,608)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6.	1,759,161	353,000
Taxation	8.	(38,340)	(73,386)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,720,821	279,614
Dividend	9.	(2,000,000)	(100,000)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(279,179)	179,614
Balance brought forward		2,161,764	1,982,150
RETAINED PROFIT CARRIED FORWARD		1,882,585	2,161,764
		=====	=====

The company had no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results as reported above and on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been included.

The above amounts all relate to continuing operations of the company.

PENSORD PRESS LIMITED
BALANCE SHEET AT 31 DECEMBER 1996

	NOTE	1996 £	1995 £
FIXED ASSETS			
Tangible assets	10.	4,821,504	3,155,924
CURRENT ASSETS			
Stocks	11.	315,503	340,138
Debtors:			
- amounts falling due after one year	12.	4,019	-
- amounts falling due within one year	12.	1,516,034	1,458,776
Cash at bank and in hand		92,114	27,049
		<u>1,927,670</u>	<u>1,825,963</u>
CREDITORS:			
Amounts falling due within one year	13.	(4,048,224)	(1,604,567)
NET CURRENT (LIABILITIES)/ASSETS		(2,120,554)	221,396
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,700,950</u>	<u>3,377,320</u>
CREDITORS:			
Amounts falling due after more than one year	14.	(563,900)	(768,680)
		<u>2,137,050</u>	<u>2,608,640</u>
DEFERRED INCOME :			
Government grants	15.	(34,465)	(56,876)
		<u>2,102,585</u>	<u>2,551,764</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16.	(190,000)	(360,000)
NET ASSETS		<u>1,912,585</u>	<u>2,191,764</u>
CAPITAL AND RESERVES		<u>=====</u>	<u>=====</u>
Called up share capital	17.	30,000	30,000
Profit and loss account		1,882,585	2,161,764
EQUITY SHAREHOLDERS' FUNDS	18.	<u>1,912,585</u>	<u>2,191,764</u>
		<u>=====</u>	<u>=====</u>

The financial statements on pages 7 to 18 were approved by the board of directors on 30 April 1997 and were signed on its behalf by:

N Bernays

Director

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Changes in presentation of financial information

Financial Reporting Standard 8 'Related party disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. The new standard comes into effect for all accounting periods commencing on or after 23 December 1995. Accordingly, the new disclosure requirements are dealt with in note 21.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Aspen Communications PLC and its cash flows are included within the consolidated cash flow statement of that company.

Turnover

Turnover represents the value of sales invoiced during the year, less returns, allowances and Value Added Tax.

Tangible fixed assets

The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided to write off the cost of fixed assets to their estimated residual value on a straight line basis in equal annual instalments over their estimated useful lives as follows:

Plant and equipment	- 5 - 15 years
Motor vehicles	- 4 years

Freehold properties are not depreciated as they are considered to have an estimated useful life in excess of 50 years. It is company policy to maintain all buildings in good condition and any depreciation involved would not be material. Cost of repairs and maintenance which prolong the useful life of the properties are charged to the profit and loss account in the year in which they are incurred.

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

Finance leases and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated in accordance with group policy. The corresponding finance liability is included within outstanding finance liabilities with the relevant interest proportion being charged to the profit and loss account.

Stocks

Raw materials and consumables are valued at the lower of cost and net realisable value. Work in Progress is valued at the lower of cost, including a proportion of overheads, and net realisable value.

Government grants

Regional Development Grants received are credited to the profit and loss account in equal instalments over the estimated useful lives of the assets to which they relate.

Revenue Grants are credited to profit and loss account in the year in which the grant is receivable.

Taxation

Taxation charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Pension costs

The company is a contributing member of the Aspen Communications PLC pension schemes. Details of the schemes including actuarial valuation are contained in the accounts of Aspen Communications PLC. Employees of the company may choose to join either a defined contribution or a defined benefit pension scheme. Amounts charged against profit for the defined contribution scheme represent the contributions payable to the scheme in respect of the accounting period. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the costs of pensions over the employees' working lives with the company.

2. TURNOVER

All turnover and results before taxation are derived from the printing of magazines and periodicals and are by source and by destination derived from operations in the United Kingdom.

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

3. STAFF NUMBERS AND COSTS

The average monthly number of persons, including executive Directors, employed by the company during the year was as follows:

	1996	1995
Management and administration	28	26
Production	155	155
	<u>183</u>	<u>181</u>
	===	===

The aggregate payroll costs of these persons were:

	1996 £	1995 £
Wages and salaries	3,212,727	3,370,901
Social security costs	261,282	276,153
Other pension costs (see note 19)	143,379	136,376
	<u>3,617,388</u>	<u>3,783,430</u>
	=====	=====

4. EXCEPTIONAL ITEM

	1996 £	1995 £
Exceptional profit on disposal of fixed assets	1,250,000	-
Proceeds for loss of profits	160,000	-
	<u>1,410,000</u>	<u>-</u>
	=====	=====

On 17th February 1996 the premises and plant of the company were substantially damaged by fire. The company was fully covered by insurance for material damage and for business interruption for a period of twelve months.

These amounts represent the proceeds from the insurance claim. The taxation effect included in note 8 relating to the insurance proceeds amounts to £159,800.

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

5. INTEREST PAYABLE LESS RECEIVABLE

	1996 £	1995 £
Payable:		
Lease and hire purchase interest	62,627	40,255
Group and other interest	83	6,737
	<u>62,710</u>	<u>46,992</u>
Receivable:		
Group and other interest	(8,287)	(384)
	<u>54,423</u>	<u>46,608</u>
	=====	=====

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	1996 £	1995 £
Depreciation	417,326	293,353
Auditors' remuneration - audit	4,500	4,000
- non audit	2,000	2,000
Loss/(Profit) on sale of assets	26,031	(61,314)
Regional Development Grant released	(22,411)	(43,184)
Hire of plant and machinery	10,305	132
	=====	=====

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

7. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Emoluments (including pension contributions and benefits in kind)	105,291	137,927
	<u>105,291</u>	<u>137,927</u>
	=====	=====

The emoluments, other than pension contributions, of the directors were as follows:

	1996 £	1995 £
Chairman	-	-
	=====	=====
Highest paid Director	57,290	61,467
	=====	=====

	Number of Directors	
	1996	1995
£Nil	4	4
£35,001 - £40,000	-	1
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1
	<u>6</u>	<u>7</u>
	===	===

8. TAXATION

The provision for taxation charge, based on profits for the year comprises:

	1996 £	1995 £
Corporation tax at 33% (1995: 33%)		
- Current year	208,340	19,700
- Prior year	-	(1,314)
	<u>208,340</u>	<u>18,386</u>
Deferred taxation	(170,000)	55,000
	<u>38,340</u>	<u>73,386</u>
	=====	=====

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

9. DIVIDENDS

Dividends on equity shares	1996 £	1995 £
Ordinary -Final proposed of 333p per share (1995: - 16.6p)	2,000,000 =====	100,000 =====

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 1996	1,084,167	4,187,414	74,570	5,346,151
Additions	115,503	2,227,934	-	2,343,437
Disposals	-	(789,643)	-	(789,643)
At 31 December 1996	1,199,670 =====	5,625,705 =====	74,570 =====	6,899,945 =====
Depreciation				
At 1 January 1996	-	2,150,900	39,327	2,190,227
Charge for the year	-	401,346	15,980	417,326
Released on disposal	-	(529,112)	-	(529,112)
At 31 December 1996	- =====	2,023,134 =====	55,307 =====	2,078,441 =====
Net book value				
At 31 December 1996	1,199,670 =====	3,602,571 =====	19,263 =====	4,821,504 =====
At 31 December 1995	1,084,167 =====	2,036,514 =====	35,243 =====	3,155,924 =====

The net book value of plant and equipment at 31 December 1996 includes £917,665 (1995: £1,088,924) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets during the year amounted to £115,275 (1995: £67,496).

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

11. STOCKS

	1996 £	1995 £
Raw materials	233,598	295,640
Work in progress	81,905	44,498
	<u>315,503</u>	<u>340,138</u>
	=====	=====

12. DEBTORS

Amounts falling due after more than one year	1996 £	1995 £
Other debtors	4,019	-
	<u>4,019</u>	<u>-</u>
	=====	=====
Amounts falling due within one year	1996 £	1995 £
Trade debtors	1,314,851	1,294,092
Amounts owed by group undertakings	76,787	71,191
Other debtors	54,721	49,127
Prepayments and accrued income	69,675	44,366
	<u>1,516,034</u>	<u>1,458,776</u>
	=====	=====

13. CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Obligations under finance leases/hire purchases	207,780	227,439
Trade creditors	851,047	614,437
Amounts owed to group undertakings	235,151	430,345
Corporation tax	282,676	74,336
Taxation and social security	176,484	88,726
Accruals	295,086	169,284
Dividends proposed	2,000,000	-
	<u>4,048,224</u>	<u>1,604,567</u>
	=====	=====

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

14. CREDITORS: Amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance leases/hire purchases	563,900	768,680
	=====	=====

Obligations under finance leases/hire purchases

The net obligations under finance leases/hire purchases to which the company is committed are:

	1996 £	1995 £
In one year or less	207,780	227,439
Between one and two years	207,780	210,780
Between two and five years	356,120	557,900
	771,680	996,119
	=====	=====

15. GOVERNMENT GRANTS

	1996 £	1995 £
At 1 January 1996	56,876	100,060
Released to profit and loss account	(22,411)	(43,184)
At 31 December 1996	34,465	56,876
	=====	=====

16. DEFERRED TAXATION

	1996 £	1995 £
a) Movement in year		
At 1 January 1996	360,000	305,000
(Release)/charge for year	(170,000)	55,000
At 31 December 1996	190,000	360,000
	=====	=====

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

16. DEFERRED TAXATION (cont'd)

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability are as follows.

	1996 £	1995 £
Amount provided:		
Allowances exceeding depreciation	190,000	360,000
	=====	=====
Amount unprovided:		
Allowances exceeding depreciation	580,000	-
	=====	=====

17. CALLED UP SHARE CAPITAL

The authorised, allotted, called up and fully paid share capital of £30,000, comprises 600,000 ordinary shares of 5p each.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Equity shareholders' funds at 1 January 1996	2,191,764	2,012,150
Profit for the financial year	1,704,821	279,614
Dividends	(2,000,000)	(100,000)
	-----	-----
Equity shareholders' funds at 31 December 1996	1,912,585	2,191,764
	=====	=====

19. PENSION OBLIGATIONS

As explained in the accounting policies set out in note 1 the company is a contributing member of the Aspen Communications Plc's pension schemes. Contributions to the schemes by the company in the accounting period amounted to £143,379 (1995: £133,522).

An amount of £25,554 (1995: £25,240) is included in accruals.

PENSORD PRESS LIMITED
NOTES TO THE 1996 FINANCIAL STATEMENTS (cont'd)

20. CONTINGENT LIABILITIES

The company is jointly and severally liable, under a Group registration, for Value Added Tax due by certain other Group companies. At 31 December 1996 this contingent liability amounted to £30,822 (1995: £14,495).

The company together with other group companies has guaranteed letters of credit, loan facilities and other borrowings of the ultimate holding company and fellow subsidiaries. The amount outstanding at 31 December 1996 was £7,566,556 (1995: £9,613,917).

21. PARENT UNDERTAKING

The company is a subsidiary undertaking of Aspen Communications PLC, a company registered in England. This is the ultimate controlling party. The results of the company are incorporated in the accounts of that company and the consolidated accounts of the Group are available to the public at Aspen House, Thomas Street, Cirencester, Gloucestershire, GL7 2AX.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8 from disclosing transactions with other group companies that are also wholly owned by Aspen Communications PLC.