

EUROMONEY PUBLICATIONS PLC

ANNUAL REPORT & ACCOUNTS 1988



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DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

CHAIRMAN

Sir Patrick Sergeant

MANAGING DIRECTOR

PM Fallon

DEPUTY MANAGING DIRECTOR

PR Ensor

The Viscount Rothermere*

PJ Saunders*

CJF Sinclair*

T Hosomi (Japanese)*

Sir Michael Sandberg*

N Bance

N Osborn

(* non-executive)

President

The Viscount Rothermere

Secretary

P Hewitt

Registered Office

Carmelite House, Carmelite Street, London EC4Y 0JA

Auditors

Ernst & Whinney

Becket House, 1 Lambeth Palace Road, London SE1 7EU

Solicitors

Nabarro Nathanson

50 Stratton Street, London W1X 5FL

Depository

Banque Internationale a Luxembourg SA

2 Boulevard Royal, 2953 Luxembourg

Agents of the Depository

Citicorp Investment Bank (Switzerland)

Bahnhofstrasse 63, PO Box 224, CH 8021 Zurich

Citibank NA

Citibank House, 336 Strand, London WC2R 1HB

Citibank NA

Avenue de Tervuren 249, B1150 Brussels

Registrars

Regis Registrars Limited

Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the company will be held in The Board Room, New Carmelite House, Carmelite Street, London EC4 on Wednesday, 11th January 1989 at 11.00 am for the following purposes:

- 1 To receive reports of the directors and the auditors and the accounts for the year ended 30th September 1988.
- 2 To approve a final dividend for the year ended 30th September 1988 of 9.0p on each of the ordinary shares of 1p each then in issue.
- 3 To re-elect C.J.F. Sinclair as a director.
- 4 To re-appoint Ernst & Whinney as auditors of the company and to authorise the directors to fix their remuneration.

By order of the board
P Hewitt
Secretary

9th December 1988

Notes:

1 A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not also be a member. A form of proxy for use at the meeting is enclosed and if used should be lodged with the Secretary at Nestor House, Playhouse Yard, London EC4V 5EX not less than 48 hours before the meeting.

2 Holders of international depositary receipts (IDRs) in respect of ordinary shares in the company may give directions in writing as to the voting of such ordinary shares on application to Banque Internationale a Luxembourg SA (BIL) of 2 Boulevard Royal 2953, Luxembourg, attention Securities Department, and by depositing their IDRs with BIL or any of the agents mentioned on the IDRs. Such instructions must be received by BIL and such deposits must be made not later than 11.00 am on Wednesday, 4th January 1989.

3 It is proposed to pay the final dividend, if approved, on 13th January 1989 to shareholders registered on 9th December 1988.

4 Holders of international depositary receipts can receive their dividend, if approved, from 13th January 1989, by presentation of coupon number 3 to Banque Internationale a Luxembourg or one of the agents.

DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

CHAIRMAN

Sir Patrick Sergeant

MANAGING DIRECTOR

PM Fallon

DEPUTY MANAGING DIRECTOR

PR Ensor

The Viscount Rothermere*

PJ Saunders*

CJF Sinclair*

T Hosomi (Japanese)*

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N Osborn

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President

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Registered Office

Carmelite House, Carmelite Street, London EC4Y 0JA

Auditors

Ernst & Whinney

Becket House, 1 Lambeth Palace Road, London SE1 7EU

Solicitors

Nabarro Nathanson

50 Stratton Street, London W1X 5FL

Depositary

Banque Internationale a Luxembourg SA

2 Boulevard Royal, 2953 Luxembourg

Agents of the Depositary

Citicorp Investment Bank (Switzerland)

Bahnhofstrasse 63, PO Box 224, CH 8021 Zurich

Citibank NA

Citibank House, 336 Strand, London WC2R 1HB

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Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ

CHAIRMAN'S STATEMENT

Your company enjoyed another year of record profits, record earnings and, if shareholders agree, a record dividend.

In the year to September 30 1988, turnover grew by 9 per cent to £28.4 million, the operating surplus by 7 per cent to £5,286,263, profits before tax (which includes deposit interest) by 2 per cent to £5,871,758 and earnings by 0.7 pence to 21.4 pence a share. Your directors recommend a final dividend of 9 pence a share, making 14 pence for the year (18.7 pence including associated tax credit), compared with 13.75 pence a share a year to September 30 1987.

These percentage gains, although small, were made in most difficult times. Our year began with the stock market crash of October 19. Overnight, many of our customers decided to spend less, or much less, on advertising, on books, on conferences, indeed on the whole range of services we exist to provide.

We had to cut costs, to postpone expansion plans, to reduce our staff, to meet redundancy payments and to fight much harder for business.

Your company has a young staff, many of whom had not known adversity. But, young and old, they worked hard and well. Accordingly, the small gain in profits last year should, I suggest, please shareholders as much as they have pleased your directors.

Your company has more than £16 million in cash and no debt. My colleagues and I have spent much time, and money, examining, and negotiating for, suitable acquisitions. We have not found anything at what we regard as a reasonable price. We are still looking for suitable companies, or publications, to buy. Hawkins, though small, has proven to be a splendid purchase.

We continue to invest in new products and services and to write off development costs as they occur. We are investing in what we believe will be a profitable expansion of our magazines, books, databases, our conference and seminar division, and the Euromoney Institute of Finance.

In September, through our wholly-owned subsidiary, Euromoney Inc., we launched LatinFinance, a new magazine to cover Latin America and, particularly, the new markets in debt and debt/equity swaps. It is printed and published in Miami and has made an encouraging start.

Stimulated, perhaps by the crash, and the hard months that followed, Euromoney itself cut costs, produced better and better issues, and heightened its reputation as the leading international financial journal in the world. Thanks, too, to some very good work by those who sell and produce our surveys, Euromoney's profits last year were the highest in the magazine's history.

Of our other magazines, the International Financial Law Review, Trade Finance Report, Banker International, the Airfinance Journal, and the Euromoney Digest, all enjoyed record years and improved their positions in their markets. The Treasury Report made a useful profit though not as much as in the previous year.



CHAIRMAN'S STATEMENT

The Euromoney Japanese Edition, our unique magazine in the Japanese language, is highly regarded there. It made money last year, though less than in the year before. Forward bookings suggest it will do better this year.

Global Investor is distributed to 11,000 institutional investors worldwide who account for more than nine-tenths of all cross-border flows of bonds and equities. Launched in April 1987, the magazine has just moved into profit and we look forward to this trend continuing.

Corporate Finance, our magazine for the finance officers of international companies, again made a satisfactory return, and should now resume its growth in circulation and revenues.

Euroweek, our weekly magazine for the Euromarkets, which we launched in May 1987, is now well established and recent results have been encouraging.

Our book division published 22 new titles last year as well as our annual directories. While its profits were just short of the record established in 1986/87, its success in a difficult year was most creditable.

Our Conference division thrived, producing record profits that were substantially above those of the year before. We held major sponsored conferences in Frankfurt, Manila, Paris, Zurich, Tokyo, Rome, Athens, Santiago, London, Taipei, Chicago, Sao Paulo, Newport Beach and Toronto.

The division also held 41 seminars world-wide, including those arranged in conjunction with the Airfinance Journal and the Leasing Digest.

The first full year of the Euromoney Institute of Finance, our training division, was profitable and encouraging. The Institute held 14 training programmes in Oxford, London, New York and Tokyo. This year, the Institute plans more than 30 programmes around the world, and is well on the way to becoming a core business.

Your company's databases make us a world leader in the provision of financial data and we are proud of our reputation for quality. Our five databases — Bondware, Loanware, Noteware, Equityware and Swiss Bonds — and our publication, Capital Markets Guide, which is part of the Database division, combined to make record profits in the year. We are preparing a Mergers and Acquisitions database, an Air Finance database and others.

At the time of going to press it is difficult to predict this year's results. Much turns on how the new US Administration tackles its economic problems, and how the markets respond to the US measures. Our markets have not recovered from the October crash and there are fears of a rerun. Nonetheless, I hope that we shall do better this year than last. Our managers and staff have proved their worth in good times and bad, and their quality is the basis of my confidence.

I am sure all shareholders would wish to join your directors in thanking your staff in London, New York, Miami and Tokyo for their very good work — and for last year's success.

Finally, I must tell you how much we have missed the wise counsel and friendship of Mr RMP (Mick) Shields who served as Chairman and director of Euromoney for many years, and died on Christmas day 1987.

PRINCIPAL PUBLICATIONS AND ACTIVITIES

Euromoney Magazine — the leading magazine on international finance.

Global Investor — the magazine for investment institutions worldwide.

Corporate Finance — the monthly magazine for senior international financial officers in major corporations.

Trade Finance — the monthly analysis of export, import and project finance.

International Financial Law Review — for legal advisors in international finance.

Euromoney — Japanese Edition — the first international financial magazine in the Japanese language.

Airfinance Journal — for specialists in aircraft and airline financings.

Asset Finance & Leasing Digest — for leasing specialists worldwide.

LatinFinance — for participants in the debt and debt/equity swaps markets.

Euroweek — the weekly specialist publication on international capital markets.

Euromoney Treasury Report — for the foreign exchange, and its derivative, markets.

Banker International — for correspondent bankers and bank analysts worldwide.

Book Publishing — specialist financial textbooks.

Euromoney Conferences — bringing together financial audiences across the globe.

Databases — electronic retrieval systems on international securities, loans and other financial activities.

Directories — annual publications on senior personnel in banks, governments, corporations, and securities firms.

Euromoney Institute of Finance — training in techniques and financial markets for securities firms and international banking personnel.

DIRECTORS' REPORT

The directors submit their annual report and accounts for the year ended 30th September 1988.

THE COMPANY

The company was incorporated in England as a private company on 22nd May 1969. The company re-registered as a public limited company on 16th May 1986. On 25th June 1986 the ordinary share capital of the company was admitted to the Luxembourg Stock Exchange.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the collection and distribution of international financial news, information and analysis. This is effected through magazine, surveys, books and directories, databases and conferences and seminars. A review of operations and business developments is given in the chairman's statement that begins on page 4.

GROUP RESULTS AND DIVIDENDS

The profit of the group after taxation amounted to £4,297,000. It is recommended that this amount be dealt with as follows:

	£000's
Dividends — interim paid	1,006
— final proposed	1,811
Retained profit	1,480
	<hr/> 4,297

The directors recommend a final dividend of 9p per ordinary share. An interim dividend of 5p per share was declared on 13th May 1988 and paid on 20th May 1988.

FIXED ASSETS

Changes in tangible fixed assets during the year are summarised in note 9 to the accounts.

DIRECTORS

The names of the present directors are listed on page 3. They all served as directors throughout the year with the exception of Sir Michael Sandberg who was appointed on 27th November 1987, Mr N Bance who was appointed on 10th February 1988, and Mr N Osborn who was also appointed on 10th February 1988. Mr RMP Shields died on 25th December 1987.

Under the articles of association, Mr C.J.F. Sinclair retires and, being eligible, offers himself for re-election. He does not have a service contract with the company.

DIRECTORS' INTERESTS

The interests of the directors and their families in the ordinary shares of the company as at 30th September 1988 and 1st October 1987 were as follows:

	Ordinary shares of 1p each	
	30th September 1988	1st October 1987
Patrick Sergeant	1,036,000	1,036,000
PM Fallon	95,142	95,142
CJF Sinclair	300	300
N Osborn	1,000	1,000

In addition to the beneficial interests noted above, the directors hold options to subscribe for ordinary shares of 1p each in the company as follows:

No of options granted on		
31st December 1985 at £1.71	30th September 1988	1st October 1987
PM Fallon	352,380	352,380
PR Ensor	176,190	176,190
N Osborn	17,619	17,619
No of options granted on		
12th January 1987 at £3.50	30th September 1988	1st October 1987
N Bance	17,619	17,619

DIRECTORS' REPORT

Mr PJ Saunders has a non-beneficial interest in 352 ordinary shares of 1p each in the company on behalf of Associated Newspapers Holdings plc.

Between 30th September 1988 and 30th November 1988, there have been no changes in the interests of the directors in the shares in the company and its subsidiaries.

The interests of the directors in the shares of Associated Newspapers Holdings plc, the holding company, were as follows:

	Ordinary shares of 25p each		Options at £4.75 per share over ordinary shares of 25p each	
	30th September 1988	1st October 1987	30th September 1988	1st October 1987
Patrick Sergeant	—	4,800	—	—
The Viscount Rothermere	587,272	146,000	—	—
PJ Saunders	5,000	11,396	60,000	—
PM Fallon	5,000	5,000	—	—
CJF Sinclair	1,000	1,000	73,000	—

- i) In addition The Viscount Rothermere held 345,000 shares as a trustee (1987 895,892 shares).
- ii) There were no other changes in the above directors' interests as at 12th November 1988.

SIGNIFICANT HOLDINGS

Other than directors, the following were the registered holders of 5% or more of the company's ordinary share capital:

	No of shares	Percentage
Associated Newspapers Holdings plc	15,821,906	78.64
Banque Internationale a Luxembourg SA	3,165,500	15.73

In respect of the shares registered in the name of Banque Internationale a Luxembourg SA, international depositary receipts in bearer form have been issued by Banque Internationale a Luxembourg SA.

The above shareholdings were unchanged at 30th November 1988.

DONATIONS

Charitable donations made by the company in the year amounted to £9,566.

AUDITORS

In accordance with section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Ernst & Young as auditors to the company will be put to the annual general meeting.

By order of the board

P Hewitt

Company Secretary

11 December 1988

AUDITORS' REPORT

Report of the auditors to the members of Euromoney Publications PLC

We have audited the accounts set out on pages 11 to 23 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and of the group at 30th September 1988 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Ernst & Whinney

Ernst & Whinney
Chartered Accountants
London

9th December 1988

ACCOUNTING POLICIES

The following is a summary of the principal accounting policies adopted by the group, which have remained unchanged from the previous year.

BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention. The consolidated accounts incorporate the accounts of the company and of its subsidiaries, after eliminating the effects of intra-group transactions. Accounts have been prepared to 30th September. Results of subsidiaries acquired during the year are incorporated from the effective date of acquisition. The net assets of subsidiaries acquired are accounted for on a fair value basis and any resulting goodwill is written off against reserves in the year of acquisition in the group accounts. The same accounting policy is applied in the company's accounts to investments in group companies to the extent that they represent goodwill and to purchased goodwill.

TURNOVER

Turnover is the total amount receivable by the group excluding value added tax. It represents income from subscriptions, advertising, sponsored surveys, publications, conferences, seminars and other services.

Advertising sales are stated net of agency commission.

LEASED ASSETS

Where assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased. The amount capitalised is the cash value as at the date of commencement of the lease. The corresponding leasing commitment is included in obligations under finance leases. Rentals payable are apportioned between interest, which is charged to the profit and loss account and capital, which reduces the outstanding commitment.

Rentals payable relating to all other leases are charged to the profit and loss account.

DEPRECIATION

No depreciation is provided on fixed assets in the year of purchase, but is provided in full in the year of sale. Depreciation is provided on the straight line basis at the following rates per annum:

Office and computer equipment	25%
Fixtures and fittings	25%
Motor vehicles	20%

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the period end. Revenue items are translated at average rates for the period.

All exchange differences on transactions during the year are dealt with in the profit and loss account. Exchange differences arising upon the retranslation of the net assets of overseas subsidiaries at the year end exchange rate are shown as a movement on reserves.

DEFERRED TAXATION

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits stated in the accounts. Deferred taxation is accounted for to the extent that it is probable that such taxation will become payable in the foreseeable future.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Note	FOR THE YEAR ENDED 30TH SEPTEMBER 1988	1988	1987
		£000's	£000's
1	Turnover	28,369	25,961
2	Operating profit	5,286	4,940
4	Interest receivable	1,369	1,577
	Profit on ordinary activities before taxation	6,655	6,517
5	Taxation	2,358	2,362
	Profit on ordinary activities after taxation	4,297	4,155
7	Dividends	2,817	2,767
	Profit retained	1,480	1,388
8	Earnings per share	21.36p	20.65p

Statement of retained profits:		1988	1987
		£000's	£000's
	Retained profits at 1st October 1987	2,298	910
	Retained profit for the year	1,480	1,388
	Exchange adjustment on subsidiary companies	22	—
	Retained profits at 30th September 1988	3,800	2,298

The accounting policies
and notes on pages 11 and 16 to 23
form part of these accounts

CONSOLIDATED BALANCE SHEET

Note	AT 30TH SEPTEMBER 1988	1988		1987	
		£000's	£000's	£000's	£000's
	Fixed assets				
9	Tangible assets		1,156		1,134
	Current assets				
11	Debtors	8,026		7,528	
12	Investments	15,958		15,081	
	Cash	315		327	
		<u>24,299</u>		<u>22,936</u>	
13	Creditors: amounts falling due within one year	13,204		13,302	
	Net current assets		<u>11,095</u>		<u>9,634</u>
	Total assets less current liabilities	12,251		10,768	
13	Creditors: amounts falling due in more than one year		—		8
	Provisions for liabilities and charges:				
14	Deferred taxation		14		25
	Total assets less liabilities		<u>12,237</u>		<u>10,735</u>
	Capital and reserves				
15	Called up share capital		201		201
16	Other reserves		8,236		8,236
	Profit and loss account		3,800		2,298
			<u>12,237</u>		<u>10,735</u>

The accounts were approved by the board of directors on
9th December 1988

Patrick Sergeant
PJ Saunders
Directors

The accounting policies
and notes on pages 11 and 16 to 23
form part of these accounts

COMPANY BALANCE SHEET

Note	AT 30TH SEPTEMBER 1988	1988		1987	
		£000's	£000's	£000's	£000's
	Fixed assets				
9	Tangible assets		1,065		1,003
10	Investments — group companies		1		871
			<u>1,066</u>		<u>1,874</u>
	Current assets				
11	Debtors	8,218		7,947	
12	Investments	15,930		15,078	
	Cash	98		24	
		<u>24,246</u>		<u>23,049</u>	
13	Creditors: amounts falling due within one year	12,958		12,964	
	Net current assets		<u>11,288</u>		<u>10,085</u>
	Total assets less current liabilities		12,354		11,959
	Provisions for liabilities and charges:				
14	Deferred taxation		14		22
	Total assets less liabilities		<u>12,340</u>		<u>11,937</u>
	Capital and reserves				
15	Called up share capital		201		201
16	Other reserves		8,595		9,465
	Profit and loss account		3,544		2,271
			<u>12,340</u>		<u>11,937</u>

The accounts were approved by the board
of directors on
9th December 1988

Patrick Sergeant
PJ Saunders
Directors



The accounting policies
and notes on pages 11 and 16 to 23
form part of these accounts

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 1988	1988 £000's	1987 £000's
Source of funds		
Profit on ordinary activities before taxation	6,655	6,517
Adjustment for items not involving the movement of funds		
Depreciation	373	232
Loss/(profit) on sale of fixed assets	38	(4)
	<u>411</u>	<u>228</u>
Total generated from operations	<u>7,066</u>	<u>6,745</u>
Funds from other sources		
Sale of fixed assets	19	22
Exchange adjustment	26	—
	<u>45</u>	<u>22</u>
	<u>7,111</u>	<u>6,767</u>
Application of funds		
Issue expenses	—	78
Dividends paid	2,767	2,213
Taxation paid	2,394	3,750
Purchase of fixed assets	456	672
Purchase of goodwill	—	2,199
Total applications	<u>5,617</u>	<u>8,912</u>
Increase/(decrease) in working capital	<u>1,494</u>	<u>(2,145)</u>
Arising from movements in:		
Group company balances	1	(1,487)
Debtors	498	3,388
Creditors	148	(3,754)
	<u>647</u>	<u>(1,853)</u>
Net liquid funds	<u>847</u>	<u>(292)</u>
	<u>1,494</u>	<u>(2,145)</u>

NOTES TO THE ACCOUNTS

1 TURNOVER

	1988	1987
	£000's	£000's
Turnover is analysed as follows:		
By geographical market:		
United Kingdom	8,767	8,894
Overseas	19,612	17,067
	<u>28,369</u>	<u>25,961</u>
By activity:		
General magazine	11,997	13,349
Other publications and databases	10,864	9,210
Conferences and seminars	5,508	3,402
	<u>28,369</u>	<u>25,961</u>

2 OPERATING PROFIT

	1988	1987
	£000's	£000's
Turnover	28,369	25,961
External charges	14,272	14,119
	<u>14,097</u>	<u>11,842</u>
Other operating costs		
Staff costs		
Wages and salaries	5,769	4,497
Social security costs	470	399
Pension contributions	213	263
	<u>6,452</u>	<u>5,159</u>
Other costs		
Depreciation	373	232
Auditors' remuneration	32	39
Other operating charges	1,899	1,415
Group charges	55	57
	<u>8,811</u>	<u>6,902</u>
Operating profit	<u>5,286</u>	<u>4,940</u>

NOTES TO THE ACCOUNTS

2 OPERATING PROFIT CONTINUED

	1988	1987
	£000's	£000's
Operating profit is analysed by activity as follows:		
General magazines	3,198	2,650
Other publications and databases:	2,216	3,177
Conferences and seminars	1,464	946
	<u>6,878</u>	<u>6,773</u>
Corporate costs not identified between products	(1,445)	(1,227)
Exchange loss	(147)	(606)
Operating profit	<u>5,286</u>	<u>4,940</u>

3 EMPLOYEES

The average number of employees of the group during the year was 182 (1987 157), analysed as follows:

	1988	1987
United Kingdom	165	142
Overseas	<u>17</u>	<u>15</u>
	<u>182</u>	<u>157</u>

The number of employees as at September 30 was

164	200
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The number of employees of the company other than those working wholly or mainly outside the United Kingdom, who received remuneration in excess of £30,000 was as follows:

	1988	1987
over £30,000 but not exceeding £35,000	4	3
over £35,000 but not exceeding £40,000	1	—
over £40,000 but not exceeding £45,000	4	1
over £45,000 but not exceeding £50,000	—	3
over £50,000 but not exceeding £55,000	—	1
over £55,000 but not exceeding £60,000	1	1
over £60,000 but not exceeding £65,000	—	2
over £70,000 but not exceeding £75,000	1	1
over £80,000 but not exceeding £85,000	1	1
over £85,000 but not exceeding £90,000	1	—
over £100,000 but not exceeding £105,000	1	—
over £115,000 but not exceeding £120,000	—	1
over £125,000 but not exceeding £130,000	1	—

4 INTEREST RECEIVABLE

	1988	1987
	£000's	£000's
Interest receivable from short-term deposits	<u>1,369</u>	<u>1,577</u>

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the profit for the year and is made up as follows:

	1988	1987
	£000's	£000's
UK corporation tax at 35% (1987 35%)	2,348	2,330
Overseas tax	1	7
Deferred tax (note 14)	(21)	20
	<u>2,328</u>	<u>2,357</u>
Adjustments to prior years' taxation:		
UK corporation tax	<u>30</u>	<u>(1)</u>
	<u>2,358</u>	<u>2,356</u>

The company is not within the close company provisions of the Income and Corporation Taxes Act 1988.

6 PROFIT FOR THE FINANCIAL YEAR

Euromoney Publications PLC has taken advantage of Section 228(7) of the Companies Act 1985 and has not included its own profit and loss account in these accounts.

Profit after taxation of Euromoney Publications PLC included in the group profit for the year is £27,000 (1987 £4,155,000) is £4,090,000 (1987 £4,132,000).

7 DIVIDENDS

	1988	1987
	£000's	£000's
Interim paid -- 5.0p per share (1987 5.0p per share)	1,006	1,006
Final proposed -- 9.0p per share (1987 8.75p per share)	1,811	1,761
-- 14.0p per share (1987 13.75p per share)	<u>2,817</u>	<u>2,767</u>
Related tax credit	<u>201</u>	<u>219</u>

8 EARNINGS PER SHARE

The basic earnings per share is calculated on profits after tax of £4,297,000 (1987 £4,155,000) and on 20,119,048 ordinary shares in issue during 1988 and 1987.

The fully diluted earnings per share has not been shown as the dilution is not material.

9 TANGIBLE FIXED ASSETS

The group	Motor vehicles £000's	Office and computer equipment £000's	Fixtures and fittings £000's	Short-term leasehold premises £000's	Total £000's
Cost					
At 1st October 1987	340	929	286	19	1,574
Exchange adjustment	—	—	(4)	—	(4)
Reclassification	—	38	(38)	—	—
Additions	232	138	76	10	456
Disposals	(75)	(185)	(1)	—	(261)
At 30th September 1988	497	920	319	29	1,765
Depreciation					
At 1st October 1987	73	290	76	1	440
Reclassification	—	(4)	4	—	—
Charges for year	67	229	76	1	373
On disposals	(44)	(159)	(1)	—	(204)
At 30th September 1988	96	356	155	2	609
Net Book Value — 30th September 1988	401	564	164	27	1,156
Net Book Value — 30th September 1987	267	639	210	18	1,134
The company	Motor vehicles £000's	Office and computer equipment £000's	Fixtures and fittings £000's	Short-term leasehold premises £000's	Total £000's
Cost					
At 1st October 1987	330	871	210	19	1,430
Additions	232	118	69	10	429
Transfers from subsidiaries	—	16	15	—	31
Disposals	(75)	(185)	(1)	—	(261)
At 30th September 1988	487	820	293	29	1,629
Depreciation					
At 1st October 1987	73	277	76	1	427
Charges for year	64	207	60	1	332
Transfers from subsidiaries	—	5	4	—	9
On disposals	(44)	(159)	(1)	—	(204)
At 30th September 1988	93	330	139	2	564
Net Book Value — 30th September 1988	394	490	154	27	1,065
Net Book Value — 30th September 1987	257	594	134	18	1,003

The net book value of group and company office and computer equipment includes £2,000 (1987 £11,000) in respect of assets held under finance leases. Depreciation of £9,000 (1987 £4,000) was charged on such assets.

NOTES TO THE ACCOUNTS

10 INVESTMENTS IN GROUP COMPANIES

The company at cost:	£000's
At 1st October 1987	871
Write off of amounts representing goodwill	(870)
At 30th September 1988	1

The movement during the year constitutes the write-off of the amounts representing goodwill arising on the transfer of the business and assets of the Hawkins Publishers sub-group to other companies in the Euromoney group.

The details of subsidiaries at 30th September 1988 are as follows:

	Proportion held	Principal activity	Country of incorporation
Direct subsidiaries:			
Euromoney Publications (Overseas) Ltd	100%	Overseas agent for the company	England
Euromoney Inc	100%	US sales agent for the company	USA
Hawkins Publishers Ltd	100%	Non-trading	England
Indirect subsidiaries:			
Euromoney Software Inc	100%	Non-trading	USA
Airfinance Journal Ltd	100%	Non-trading	England
Davsell Ltd	100%	Non-trading	England
Latin American Financial Publications Inc	100%	Financial Publishers	USA

11 DEBTORS

	Group		Company	
	1988	1987	1988	1987
Amounts falling due within one year:	£000's	£000's	£000's	£000's
Trade debtors	7,237	6,961	6,979	6,654
Amounts owing from group companies	—	—	459	748
Prepayments and accrued income	779	528	770	523
Other debtors	10	39	10	22
	<u>8,026</u>	<u>7,528</u>	<u>8,218</u>	<u>7,947</u>

12 INVESTMENTS

	Group		Company	
	1988	1987	1988	1987
	£000's	£000's	£000's	£000's
Short-term investments	15,958	15,081	15,930	15,078

These short term investments consisted of deposit accounts with banks and an investment company. Their market value at the year end was equal to their book value and no capital taxation would have been payable had they been realised at that time.

NOTES TO THE ACCOUNTS

13 CREDITORS

	Group		Company	
	1988	1987	1988	1987
	£000's	£000's	£000's	£000's
Due within one year:				
Bank overdraft	19	1	—	—
Payments received on account	241	407	241	361
Trade creditors	1,251	1,970	1,190	1,930
Amounts owing to group companies	122	123	1,256	1,329
Other creditors	1,180	1,033	107	—
Corporation tax	2,267	2,292	2,267	2,285
Accruals and deferred income	6,313	5,715	6,086	5,298
Dividend	1,811	1,761	1,811	1,761
	<u>13,204</u>	<u>13,302</u>	<u>12,958</u>	<u>12,964</u>
	Group		Company	
	1988	1987	1988	1987
	£000's	£000's	£000's	£000's
Due in more than one year:				
Obligations under finance leases	—	8	—	—
	<u>—</u>	<u>8</u>	<u>—</u>	<u>—</u>

14 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation for the group and the company, which has been provided in full, comprised:

	Group		Company	
	1988	1987	1988	1987
	£000's	£000's	£000's	£000's
Accelerated capital allowances	90	121	90	118
Other timing differences	53	43	53	43
	143	164	143	161
Advance corporation tax payable in respect of dividends proposed	(129)	(139)	(129)	(139)
	14	25	14	22

Movements on the provision for deferred taxation were as follows:

	Group £000's	Company £000's
At 1st October 1987	25	22
Transfer to profit and loss account	(21)	(18)
Advance corporation tax	10	10
At 30th September 1988	14	14

NOTES TO THE ACCOUNTS

15 CALLED UP SHARE CAPITAL

	1988 £000's	1987 £000's
a) Authorised		
22,050,000 ordinary shares of 1p each	221	221
b) Allotted and fully paid:		
20,119,048 ordinary shares of 1p each	201	201

Share options

The following options to subscribe for ordinary shares of 1p each in the company were outstanding:

Number of ordinary shares under option		Option price	Period during which option may be exercised
30th September 1988	1st October 1987		
604,683	633,930	£1.71	Between 31st December 1988 and 31st December 1995
83,383	106,872	£2.84	Between 23rd May 1989 and 23rd May 1996
30,539	36,411	£3.50	Between 12th January 1990 and 12th January 1997

16 OTHER RESERVES

	Group £000's	Company £000's
Capital Reserve		
At 1st October 1987	8,236	9,465
Write off of amounts representing goodwill	—	(870)
At 30th September 1988	8,236	8,595

The movement during the year is explained in note 10. The consent of the court has been obtained to the use of the reserve in this way. The reserve arose on the cancellation of the share premium account.

17 PROFIT AND LOSS ACCOUNT

Company	£000's
Retained profits at 1st October 1987	2,271
Profit retained for the year	1,273
Retained profits at 30th September 1988	3,544

NOTES TO THE ACCOUNTS

18 COMMITMENTS

	Group and Company 1988	Group and Company 1987
	£000's	£000's
At 30th September 1988 the following future capital expenditure had been authorised:		
Contracted but not provided in the accounts	31	25

At 30th September 1988 the group had annual commitments under leasehold property operating leases as follows.

	Group		Company	
	1988 £000's	1987 £000's	1988 £000's	1987 £000's
Operating leases which expire:				
Within 1 year	44	13	44	4
Between 2-5 years	31	268	—	231
Over 5 years	251	170	251	170
	326	451	295	405

19 DIRECTORS

The emoluments of the directors of Euromoney Publications PLC for the years ended 30th September 1988 and 30th September 1987 were as follows:—

	1988 £	1987 £
Fees	101,878	83,429
Management remuneration	1,630,423	1,316,666
Pension contributions	134,995	175,480
	1,867,296	1,575,575

Emoluments of the chairman and the highest paid director were £781,318 (1987 £717,908)

Other directors:

Scale of emoluments (excluding pension contributions)	1988	1987
not exceeding £ 5,000	2	1
Over £ 5,000 but not exceeding £ 10,000	—	1
Over £ 10,000 but not exceeding £ 15,000	4	3
Over £ 15,000 but not exceeding £ 65,000	1	—
Over £65,000 but not exceeding £105,000	1	—
Over £105,000 but not exceeding £250,000	—	1
Over £250,000 but not exceeding £330,000	1	—
Over £330,000 but not exceeding £390,000	—	1
Over £390,000 but not exceeding £405,000	1	—

20 PENSION CONTRIBUTIONS

Employees of the group are members of the Harmsworth Contributory Pension Scheme, which is administered by the holding company, Associated Newspapers Holdings plc

The latest actuarial valuation of the scheme confirmed that the present funding arrangements were adequate to meet current and future liabilities.

21 ULTIMATE HOLDING COMPANY

The Company's ultimate holding company during the year was Associated Newspapers Holdings plc, which is registered in England. Subsequent to 30th September 1988 Daily Mail and General Trust plc has become the holding company of Associated Newspapers Holdings plc and thus the ultimate holding company.

EUROMONEY PUBLICATIONS PLC

FIVE YEAR RECORD

The consolidated profit and loss accounts and balance sheets for the five years ended 30th September 1988 are summarised below:

	1984 £000's	1985 £000's	1986 £000's	1987 £000's	1988 £000's
Turnover	9,826	14,353	19,295	25,961	28,369
Operating profit	2,838	3,555	4,499	4,940	5,286
Net interest receivable	266	574	757	1,577	1,369
Profit before taxation	3,104	4,129	5,256	6,517	6,655
Taxation	1,480	1,820	2,052	2,362	2,358
Profit after taxation	1,624	2,309	3,204	4,155	4,297
Dividends	1,615	2,309	2,137	2,767	2,817
Retained profit	9	—	1,067	1,388	1,480
Earnings per share	9.22p	13.10p	17.52p	20.65p	21.36p
Fixed assets	331	529	712	1,134	1,156
Net current assets/(liabilities)	(236)	(469)	10,943	9,634	11,095
Deferred taxation and creditors due in more than one year	(77)	(42)	(31)	(33)	(14)
Net assets	18	18	11,624	10,735	12,237
Capital and reserves					
Called up share capital	15	15	201	201	201
Revenue reserves	3	3	910	2,298	3,800
Other reserves	—	—	10,513	8,236	8,236
	18	18	11,624	10,735	12,237

The figures for 1984 are derived from the prospectus dated 11th June 1986. The figures for 1985 have been adjusted from those shown in the prospectus to exclude the results of a subsidiary, Euromoney Inc, which was acquired for cash in May, 1986.

Earnings per share for 1984 and 1985 have been calculated on the basis of 17,619,048 ordinary shares of 1p each, being the number of shares in issue immediately prior to the offer of shares contained in the above mentioned prospectus. Earnings per share for 1986 have been calculated on the basis of 18,283,432 ordinary shares of 1p each, being the weighted average number of shares in issue for the year ended 30th September, 1986.