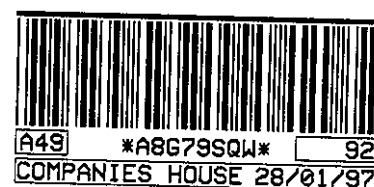
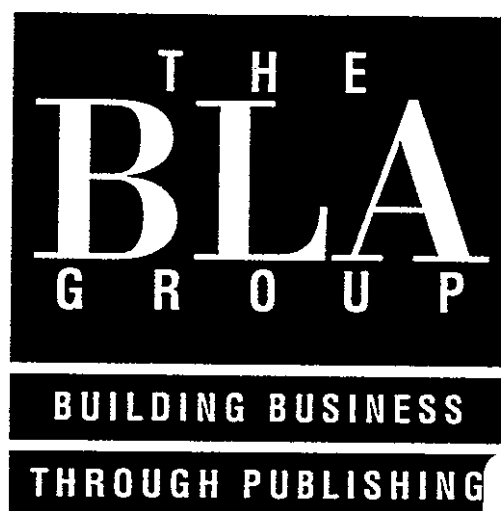


Register

1049793

THE BLA GROUP LIMITED
FINANCIAL STATEMENTS

for the year ended
31 MARCH 1996



THE BLA GROUP LIMITED

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to report BLA's most successful year to date in the twelve months to 31 March 1996. The company's results are a reflection of the increasing demand for customer magazines by UK senior management, and the growing realisation of the important contribution that customer magazines make to a company's marketing programme by building customer loyalty and attracting sales enquiries. Most importantly they highlight the proven ability of BLA's highly experienced and skilled operational management team to continue to provide BLA's clients and potential clients with the right magazine delivering the required end results. By way of example, in calendar year 1995, BLA had three magazines in the Top 11 places in the recently published Campaign Top 100 Magazines in the UK table, based on circulation figures.

According to published reports, the contract publishing market has now grown to a turnover of over £100 million annually and, according to most senior industry commentators, is continuing to expand and has become an increasingly influential part of the publishing industry.

In concert all these positive indicators point to a very buoyant future for this market, almost certainly one of the fastest growing sectors in the media industry. They also point to a very encouraging future for BLA as highlighted in the final section of my statement. We are better placed to capitalise on the market situation than ever.

BLA'S GROWING MAGAZINE PORTFOLIO

BLA has steadily built up its magazine portfolio and we currently plan to publish sixteen titles in our 1996/97 financial year, together with any other titles secured during the year.

Interestingly, BLA could have taken on more contracts over the years but has followed the strict policy of taking only quality magazine contracts, ensuring that each was properly launched, positioned and regularly monitored before moving on to the next stage of business expansion.

BLA's presentation approach has been well received by its actual and potential clients given our objectives of proving to potential clients that BLA wishes to fully understand their business, their marketing thinking and aims. We have proved that each magazine can be positioned to inform and influence our clients' customer bases in such a way as to improve loyalty to the company, and in most cases to also generate handsome volumes of sales enquiries.

New clients accepting BLA's marketing and publishing solutions during 1995/96 have included NatWest Bank, CrossCountry Railways, and Royal Mail. Our 1996/97 financial year has seen an excellent start with British Telecom awarding BLA the contract to publish the BT Mobile magazine, with a planned ongoing circulation of 500,000 copies.

These magazines have joined BLA's blue chip magazine portfolio which also includes: *Nationwide Magazine*, produced for Nationwide Building Society, the UK's number one building society; *Top Rail*, published for French Railways SNCF, the leading

European travel company; *Connections* magazine, (formerly *Foresight*), for Sun Alliance, the UK's largest composite insurer; *Upbeat* magazine for BUPA, the UK's largest healthcare provider; *LaserVision* which supports leading UK television companies Granada, London Weekend, and Yorkshire and Tyne Tees; and *Ford Magazine* published for Europe's leading motor manufacturer.

Ongoing client satisfaction, allied to the production quality of our magazines, have resulted in clients increasing circulation and/or requesting BLA to publish additional magazines. An example is Ford whose management have extended the circulation of their motor magazine to 750,000 copies and have also asked us to publish a major new magazine for their Van Division. Another is BUPA which has appointed BLA to publish three new quarterly magazines for various divisions of the organisation, and NatWest Bank have asked us to investigate additional publishing assignments for other NatWest Divisions.

THE BLA TEAM

BLA's philosophy is to produce magazines which support the client's business and marketing objectives.

The special style that we have evolved has been built around an enthusiastic highly experienced skilled management team which is regularly developed by careful recruitment and training. BLA has built up a unique fund of knowledge and the tried and tested systems that go with it, allowing us to capitalise on more than 20 years of making customer magazines work for clients. We believe our particular mix of marketing and publishing skills, coupled with our carefully designed customer care programme to enhance client services, is unique in our industry.

Our management and staff have worked hard to maintain the closest partnership with our clients to ensure each magazine continues to deliver against its brief. They are to be congratulated for their achievements.

FUTURE PROSPECTS

Our controlled approach to business development has resulted in an encouraging steady growth over the last five year as shown below.

BLA Pre-Tax Profit Growth 1991-1996

1991/92	£32,000
1992/93	£180,000
1993/94	£353,000
1994/95	£640,000
1995/96	£967,000

The growing market-place, our success with existing magazines, the level of unsolicited enquiries and the new business already obtained for the current year, added to our business philosophy of ensuring that we provide real client satisfaction, all lead us to expect a further significant growth in profits before tax in 1996/97, and the continuation of BLA's long term expansion.

Brian Luby
Chairman

THE BLA GROUP LIMITED

DIRECTORS REPORT

The directors present their report and the audited financial statements for the year ended 31 March 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is the production of quality customer magazines for trade association, manufacturing and service company clients across a wide range of business sectors.

RESULTS AND DIVIDEND

The results for the year are set out in the attached financial statements.

The directors have paid an interim dividend of 45p per share, and recommend payment of a final dividend of 20p per share.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at 31 March 1996 and their interests in the company during the year were:-

		Number of Shares	
		<u>1996</u>	<u>1995</u>
	<u>Class of Share</u>		
B E Luby	Ordinary Shares	990,000	990,000
R C Baker	Ordinary Shares	-	-
M E Kimber	Ordinary Shares	-	-
E G Southcombe	Ordinary Shares	-	-
I M Taylorson	Ordinary Shares	-	-

At the year end, R C Baker and E G Southcombe held options to subscribe to 40,000 and 20,000 ordinary shares respectively (1995: R C Baker 40,000)

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS


The Auditors, Fisher Phillips, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Registered Office

Summit House
170 Finchley Road
LONDON NW3 6BP

Date: 21 June 1996

By Order of the Board


R C Baker
Secretary

THE BLA GROUP LIMITED

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 the 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE BLA GROUP LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BLA GROUP LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on the previous page 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.

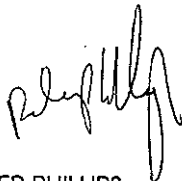
BASIS OF OPINION

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 of error. In forming our opinions, 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 affairs of the company as at 31 March 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FISHER PHILLIPS
Chartered Accountants
and Registered Auditors

Summit House
170 Finchley Road
London NW3 6BP

Date: 21 June 1996

THE BLA GROUP LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

		1996	1995
	<i>Notes</i>	£	£
TURNOVER		6,889,017	4,031,624
Cost of Sales		(4,947,400)	(2,550,414)
GROSS PROFIT		1,941,617	1,481,210
Net operating expenses		(1,006,420)	(857,973)
OPERATING PROFIT	2	935,197	623,237
Interest receivable	3	32,002	17,978
Interest payable	4	(122)	(798)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		967,077	640,417
Tax on profit on ordinary activities	7	(326,182)	(193,186)
PROFIT FOR THE FINANCIAL YEAR		640,895	447,231
Dividends	8	(650,000)	(310,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR	14	<u>(9,105)</u>	<u>137,231</u>

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

THE BLA GROUP LIMITED

BALANCE SHEET AT 31 MARCH 1996

		1996		1995
	<i>Notes</i>	£	£	£
FIXED ASSETS				
Tangible Assets	9		188,093	173,077
CURRENT ASSETS				
Stocks	10	57,591		205,882
Debtors	11	2,011,043		1,200,241
Cash at Bank		1,117,804		125,185
		<hr/> 3,186,438		<hr/> 1,531,308
CREDITORS				
Amounts falling due within one year	12	(2,945,228)		(1,265,977)
NET CURRENT ASSETS			<hr/> 241,210	<hr/> 265,331
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/> <u>429,303</u>	<hr/> <u>438,408</u>
CAPITAL AND RESERVES				
Called up Share Capital	13	50,000		50,000
Profit & Loss Account	14	379,303		388,408
		<hr/> <u>429,303</u>		<hr/> <u>438,408</u>

The financial statements were approved by the Board on 21 June 1996 and signed on its behalf by

B E Luby		}	Directors
R C Baker		}	
		}	

The notes on pages 7 to 13 form part of these financial statements.

THE BLA GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1996

		1996		1995
	Notes	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	1,782,434		257,601
Return on investments and servicing of finance:				
Interest received		32,002		17,978
Interest paid		(122)		(798)
Dividends paid		(450,000)		(310,000)
		-----		-----
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(418,120)		(292,820)
Taxation:				
Corporation tax paid		(306,674)		(98,602)
		-----		-----
TAX PAID		(306,674)		(98,602)
Investing activities:				
Purchase of tangible fixed assets		(80,321)		(143,871)
Receipts from sale of tangible assets		15,300		20,000
Receipts from sale of investments in subsidiary undertaking		-		102
		-----		-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(65,021)		(123,769)
		-----		-----
NET CASH INFLOW/ (OUTFLOW) BEFORE FINANCING		<u>992,619</u>		<u>(257,590)</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING				
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17	992,619		(257,590)
		<u>992,619</u>		<u>(257,590)</u>

The notes on pages 7 to 13 form part of these financial statements.

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover comprises sales and fees receivable for the year excluding VAT. Sales of individual issues of customer magazines are included on the date final copy is despatched to printers.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value of the tangible assets over their estimated useful lives:-

Furniture and equipment	20% & 25% Straight Line
Motor vehicles	25% Straight Line

1.4 STOCKS

Short-term work in progress comprises partly completed issues of customer magazines. Where an issue is less than 50% complete, work in progress is valued at cost including attributable staff salaries. Issues 50% or more complete are valued at costs plus an appropriate proportion of anticipated profit less progress payments received.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

Rentals payable under operating leases are taken to the profit and loss account in the period to which they relate.

1.7 PENSIONS

Pensions contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. These contributions are invested separately from the company's assets.

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

2. OPERATING PROFIT

	1996	1995
	£	£
The Operating Profit is stated after charging:-		
Depreciation	55,085	48,653
Auditors' Remuneration	6,500	4,500
Hire of Equipment	279	1,170
Operating Lease Rentals		
- Land & Buildings	<u>39,919</u>	<u>20,000</u>
and after crediting:-		
Other Operating Income	-	45,000

3. INTEREST RECEIVABLE

	1995	1995
	£	£
Bank and other interest receivable	32,002	17,978
	<u>32,002</u>	<u>17,978</u>

4. INTEREST PAYABLE

	1995	1995
	£	£
On overdue tax	122	798
	<u>122</u>	<u>798</u>

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

5. DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Staff Costs:-		
Wages and Salaries	676,542	569,561
Social Security Costs	58,485	53,611
Other Pension Costs	<u>9,625</u>	<u>2,125</u>

The average weekly number of employees during the year was made up as follows:-

	Number	Number
Management and Administration	6	5
Publishing	<u>16</u>	<u>14</u>
	<u>22</u>	<u>19</u>

£

Directors' Emoluments:-

£

Remuneration for Management Services (including Pension Contributions)	121,375	147,552
Amount paid to third parties	36,000	-
	<u>157,375</u>	<u>147,552</u>

The division of Directors' Emoluments, excluding Pension Contributions, is as follows:-

Chairman	36,000	85,000
Highest Paid Director (1995: Also Chairman)	56,400	-

Other directors' remuneration fell within the following ranges:-

	Number	Number
£Nil - £5,000	2	3
£50,001 - £55,000	1	1

6. PENSION COSTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions payable by the company amounted to £9,625 (1995: £2,125). All contributions were paid in the year.

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
The taxation charge based on the profit before tax comprises:-		
UK Corporation Tax at 33% (1995 33%)	323,604	192,562
Adjustment in respect of prior years	2,578	624
	<u>326,182</u>	<u>193,186</u>

8. DIVIDENDS

	1996 £	1995 £
Equity interests:		
Ordinary		
Interim dividends paid	450,000	310,000
Final dividend proposed	200,000	-
	<u>650,000</u>	<u>310,000</u>

9. TANGIBLE ASSETS

Cost

	Beginning of Year £	Additions £	Disposals £	End of Year £
Fixtures and fittings	204,631	56,513	-	261,144
Motor Vehicles	65,903	23,808	(28,016)	61,695
	<u>270,534</u>	<u>80,321</u>	<u>(28,016)</u>	<u>322,839</u>

Depreciation

	Beginning of Year £	Charge for Year £	On Disposals £	End of Year £
Fixtures and fittings	71,904	39,718	-	111,622
Motor Vehicles	25,553	15,367	(17,796)	23,124
	<u>97,457</u>	<u>55,085</u>	<u>(17,796)</u>	<u>134,746</u>

	Beginning of Year £	End of Year £
<u>Total Net Book Values</u>	<u>173,077</u>	<u>188,093</u>

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

10. STOCKS

	1996 £	1995 £
Short-term work in progress	57,591	205,882
	<u>57,591</u>	<u>205,882</u>

11. DEBTORS

	1996 £	1995 £
Trade debtors	1,712,855	997,019
Loans to directors	1,092	6,509
Other debtors	159,036	98,601
Advance corporation tax	112,500	77,500
Prepayments and accrued income	25,560	20,612
	<u>2,011,043</u>	<u>1,200,241</u>

Mr B E Luby had an interest-free loan of £237 from the company at 31 March 1996. This loan has since been repaid. The maximum balance outstanding during the year was £5,699.

Mr R C Baker had a season ticket loan of £1,140, repayable by twelve monthly instalments. The balance outstanding at 31 March 1996 was £855.

Other debtors include £81,075 due from Piccadilly Investments Ltd, a company controlled by Mr B E Luby.

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	1,415,621	519,759
Proposed dividend	200,000	-
Corporation tax	324,569	270,061
Other taxes and social security costs	30,671	-
Other creditors	261,339	163,024
Accruals and deferred income	713,028	313,133
	<u>2,945,228</u>	<u>1,265,977</u>

13. SHARE CAPITAL

	1996 £	1995 £
<u>Authorised</u>		
Equity interests:		
1,500,000 Ordinary Shares of 5p each	75,000	75,000
	<u>75,000</u>	<u>75,000</u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
1,000,000 Ordinary Shares of 5 p each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

14. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
Retained profits at 1 April 1995	388,408	251,177
Retained (loss)/profit for the year	(9,105)	137,231
	<u>379,303</u>	<u>388,408</u>
Retained profits at 31 March 1996		

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	640,895	447,231
Dividends	(650,000)	(310,000)
	<u>(9,105)</u>	<u>137,231</u>
Shareholders' funds at 1 April 1995	438,408	301,177
Shareholders' funds at 31 March 1996	<u>429,303</u>	<u>438,408</u>
Represented by:		
Equity interests	<u>429,303</u>	<u>438,408</u>

THE BLA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996	1995
	£	£
Operating profit	935,197	623,237
Depreciation	55,085	48,653
Profit on disposal of fixed assets	(5,080)	(19,871)
Decrease in stocks	148,291	(69,966)
Increase in debtors	(775,802)	(643,986)
Increase in creditors due within one year	1,424,743	319,534
	<u>1,782,434</u>	<u>257,601</u>

17. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1996	1995
	£	£
Cash at bank and in hand at 1 April 1995	125,185	382,775
Cash at bank and in hand at 31 March 1996	1,117,804	125,185
	<u>992,619</u>	<u>(257,590)</u>

18. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	1996	1995
	£	£
<u>Land and Buildings</u>		
Expiry date:		
Less than one year	10,000	-
Between one and five years	-	20,000
After five years	24,500	24,500
	<u>34,500</u>	<u>44,500</u>