

A. & C. BLACK (STORAGE) LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1998

Kidsons Impey
Chartered Accountants
Spectrum House
20-26 Cursitor Street
London EC4A 1HY



A. & C. BLACK (STORAGE) LIMITED

DIRECTORS' REPORT

31st December 1998

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31st December 1998.

Review of the year

The Company continued to provide storage facilities to fellow subsidiary undertakings.

The results for the year are set out on page 4.

Dividend

The Company paid no dividend during the year (1997 £Nil).

Future developments

No change in the Company's activities is anticipated in the foreseeable future.

Fixed assets

All changes in fixed assets are shown in note 6 on page 7.

Directors and their interests

The directors of the Company at the date of this report, both of whom served throughout the year, are:-

C. A. A. Black
T.E. Rouelett

Neither of the directors had any interest in the share capital of the company at any time during the year. Both were directors of the ultimate parent company at 31st December 1998 and their interests in its share capital are shown in the Directors' Report accompanying the group financial statements.

Statement of directors' responsibilities

We are required under company law 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 these financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the financial statements on a going concern basis unless in our view the Company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Company's assets;
- taking reasonable steps for the prevention and detection of fraud.

A. & C. BLACK (STORAGE) LIMITED

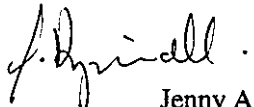
DIRECTORS' REPORT

31st December 1998
(continued)

Auditors

Kidsons Impey agreed to offer themselves for re-election as auditors of the Company.

On behalf of the board


Jenny Aspinall

Secretary

35 Bedford Row
London WC1R 4JH

19th March 1999

A. & C. BLACK (STORAGE) LIMITED

AUDITORS' REPORT

Auditors' report to the members of A. & C. Black (Storage) Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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.

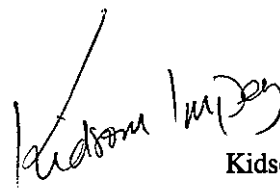
Basis of opinion

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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

19 March 1999

A. & C. BLACK (STORAGE) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1998

	Note	1998 £	1997 £
Turnover		150,250	145,250
Administrative expenses		<u>(92,122)</u>	<u>(87,248)</u>
Operating profit	2	58,128	58,002
Interest payable	4	<u>(7,302)</u>	<u>(8,179)</u>
Profit on ordinary activities before taxation		50,826	49,823
Taxation	5	<u>(3,811)</u>	<u>(7,751)</u>
Retained profit for the financial year		47,015	42,072
Balance brought forward		<u>207,685</u>	<u>165,613</u>
Balance carried forward		<u>254,700</u>	<u>207,685</u>

Continuing operations

None of the Company's operations were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The Company had no recognised gains or losses for the two years ended 31st December 1998 apart from the results shown above.

A. & C. BLACK (STORAGE) LIMITED

BALANCE SHEET

31st December 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	6		353,657		366,257
Current assets					
Debtors	7	42,684		17,688	
Creditors: amounts falling due within one year	8	<u>(11,607)</u>		<u>(32,393)</u>	
Net current (liabilities)			<u>31,077</u>		<u>(14,705)</u>
Total assets less current liabilities			384,734		351,552
Creditors: amounts falling due after more than one year	8	(43,934)		(51,767)	
Provision for liabilities and charges					
Deferred taxation	9	<u>(86,000)</u>		<u>(92,000)</u>	
			<u>(129,934)</u>		<u>(143,767)</u>
Net assets			<u>254,800</u>		<u>207,785</u>
Capital and reserves					
Share capital	10		100		100
Profit and loss account			<u>254,700</u>		<u>207,685</u>
Equity shareholders' funds	11		<u>254,800</u>		<u>207,785</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 19th March 1999

C.A.A. Black

Director



A. & C. BLACK (STORAGE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The Company is a wholly owned subsidiary undertaking and as such has utilised the exemptions provided by Financial Reporting Standard No. 1 and has not prepared a cash flow statement. The cash flows of the Company are included in the consolidated cash flow statement of its ultimate parent company, A. & C. Black plc.

Depreciation

Fixed assets are depreciated at the following rates on a straight-line basis:

Freehold land	Nil
Freehold building	2% p.a.
Plant	10% p.a.

The above rates are estimated to write off the cost of fixed assets, less any residual value, over their useful lives. A full charge is made in the year of acquisition and no charge in the year of disposal.

Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that the liabilities are likely to crystallise in the foreseeable future.

2	Operating profit	1998	1997
		£	£
	This is stated after charging:		
	Depreciation	12,763	12,855
	Auditors' remuneration	<u>1,400</u>	<u>1,400</u>
	and crediting:		
	Rents receivable (group)	<u>15,250</u>	<u>15,250</u>

3 Directors' emoluments

No directors' emoluments were payable for the year (1997 - £Nil).

4	Interest payable	£	£
	On debenture loan (note 8)	7,288	8,179
	Other interest	<u>14</u>	<u>-</u>
		<u>7,302</u>	<u>8,179</u>

5	Taxation	£	£
	The taxation charge which is based on the profit for the year on ordinary activities is made up as follows:		
	UK corporation tax at 21% (1997 - 23.25%)	12,000	13,251
	Adjustment in respect of prior years	(2,189)	-
	Deferred taxation	<u>(6,000)</u>	<u>(5,500)</u>
		<u>3,811</u>	<u>7,751</u>

A. & C. BLACK (STORAGE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1998

(continued)

6	Tangible fixed assets	Freehold Land and Buildings	Plant	Total
		£	£	£
	Cost			
	At 1st January 1998	558,657	115,788	674,445
	Additions	<u>-</u>	<u>163</u>	<u>163</u>
	At 31st December 1998	<u>558,657</u>	<u>115,951</u>	<u>674,608</u>
	Depreciation			
	At 1st January 1998	197,209	110,979	308,188
	Charge for year	<u>10,047</u>	<u>2,716</u>	<u>12,763</u>
	At 31st December 1998	<u>207,256</u>	<u>113,695</u>	<u>320,951</u>
7	Net book amount			
	At 31st December 1998	<u>351,401</u>	<u>2,256</u>	<u>353,657</u>
	Debtors		1998	1997
			£	£
	Amounts falling due within one year			
	Ultimate parent company		26,840	-
	Prepayments		<u>15,844</u>	<u>17,688</u>
			<u>42,684</u>	<u>17,688</u>
	Creditors			
	Amounts falling due within one year			
8	Debenture loan		7,837	6,877
	Ultimate parent company		-	18,118
	Corporation tax		848	1,836
	Accruals		<u>2,922</u>	<u>5,562</u>
			<u>11,607</u>	<u>32,393</u>
	Amounts falling due after more than one year			
	Debenture loan		<u>43,934</u>	<u>51,767</u>

The debenture loan outstanding at 31st December 1998 is fully secured on the freehold land and buildings, interest is charged at 13.5% per annum and the loan is repayable by instalments as follows:

A. & C. BLACK (STORAGE) LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December 1998

(continued)

		1998 Total £	1997 Total £
	Number of years from balance sheet date:		
	Five or more	13,225	13,225
	Between two and five	21,778	30,705
	Between one and two	<u>8,931</u>	<u>7,837</u>
		43,934	51,767
	One or less	<u>7,837</u>	<u>6,877</u>
		<u>51,771</u>	<u>58,644</u>
9	Deferred taxation	1998	1997
		£	£
	Potential liability		
	Taxation deferred by capital allowances	<u>86,000</u>	<u>92,000</u>
	Amount provided	<u>86,000</u>	<u>92,000</u>
	The potential liability and provision are based on a corporation tax rate of 30% (1997 31%).		
10	Share capital		1998 and 1997 £
	Authorised		
	1,000,000 Ordinary shares of £1 each		<u>1,000,000</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each		<u>100</u>
11	Reconciliation of movement in equity shareholders' funds	1998	1997
		£	£
	1st January 1998	207,785	165,713
	Profit for the year	<u>47,015</u>	<u>42,072</u>
	31st December 1998	<u>254,800</u>	<u>207,785</u>
12	Ultimate parent company		
	The ultimate parent company is A & C Black plc, a company incorporated in Great Britain and registered in England and Wales.		
13	Guarantee		
	The company is party to a cross guarantee in respect of the bank borrowings of certain group undertakings.		
14	Related parties		
	The company has taken advantage of the exemption offered by Financial Reporting Standard No. 8 to disclose intra-group transactions in the financial statements of a subsidiary where 90% of the voting rights are controlled within the group.		

A. & C. BLACK (STORAGE) LIMITED

TRADING ACCOUNT

for the year ended 31st December 1998

	1998 £	1997 £
Storage charges		
A & C Black (Publishers) Ltd	135,000	130,000
Rents received		
A & C Black (Publishers) Ltd	11,250	11,250
A & C Black (Distribution) Ltd	<u>4,000</u>	<u>4,000</u>
	<u>150,250</u>	<u>145,250</u>
Administrative expenses		
General and water rates	35,680	35,562
Repairs and maintenance	23,649	19,265
Heat and Light	10,788	10,590
Insurance	7,807	7,561
Depreciation - Buildings	10,047	10,047
- Plant	2,716	2,808
Sundry expenses	35	15
Audit fee	<u>1,400</u>	<u>1,400</u>
	<u>92,122</u>	<u>87,248</u>
Operating profit	58,128	58,002
Interest payable		
Debenture loan	(7,288)	(8,179)
Other interest	<u>(14)</u>	<u>-</u>
Profit before taxation	<u>50,826</u>	<u>49,823</u>