

**REGISTRAR**

**EAGLEMOSS PUBLICATIONS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**30 SEPTEMBER 2002**

**Company Registration Number 1369365**

**ARNOLD HILL & CO**

Chartered Accountants & Registered Auditors  
Craven House  
16 Northumberland Avenue  
London  
WC2N 5AP



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COMPANIES HOUSE

0643  
24/07/03

# **EAGLEMOSS PUBLICATIONS LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 30 SEPTEMBER 2002**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2002.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year is publishing magazines and business handbooks.

The trading loss for the year before taxation amounted to £5,421,741 (2001: Loss £922,082)

#### **RESULTS AND DIVIDENDS**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

J O'Heany Sibley

S P Rose

M Calmels

S M Deeming

E B Hilton

D M Stanley

None of the directors held an interest in the share capital of the company at any time during the year. The interests of the directors in the share capital of the holding company, Eaglemoss Publishing Group Limited are disclosed in that company's financial statements.

#### **HOLDING COMPANY**

Gilat AG, which is incorporated in Switzerland and registered in England and Wales under Section 691 of the Companies Act, is the holding company. The ultimate holding company, at 30 September 2002, is Eaglemoss Publishing Group Limited, a company registered in England & Wales.

#### **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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;

# EAGLEMOSS PUBLICATIONS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2002

make judgements and estimates that are reasonable and prudent; and

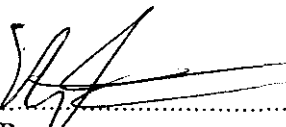
prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. The directors 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.

### AUDITORS

A resolution to re-appoint Arnold Hill & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the board

  
.....  
S P Rose  
Director

Date: 3/7/03

**EAGLEMOSS PUBLICATIONS LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 30 SEPTEMBER 2002**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 1 to 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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.


# EAGLEMOSS PUBLICATIONS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 30 SEPTEMBER 2002

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Arnold Hill & Co

Chartered Accountants and Registered Auditors

Craven House

16 Northumberland Avenue

London WC2N 5AP

Date:

3/7/03

# EAGLEMOSS PUBLICATIONS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
<b>TURNOVER</b>	<b>2</b>	<b>6,732,202</b>	<b>7,710,522</b>
Cost of sales		<u>(4,212,845)</u>	<u>(3,370,993)</u>
<b>GROSS PROFIT</b>		<b>2,519,357</b>	<b>4,339,529</b>
Administrative expenses		<u>(7,853,809)</u>	<u>(5,623,269)</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(5,334,452)</b>	<b>(1,283,740)</b>
Interest receivable and similar income	<b>6</b>	<b>191,731</b>	<b>487,314</b>
Interest payable and similar charges	<b>7</b>	<u>(279,020)</u>	<u>(125,656)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>(5,421,741)</b></u>	<u><b>(922,082)</b></u>
Tax on loss on ordinary activities	<b>8</b>	<b>(1,166)</b>	<b>25,735</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><b>(5,422,907)</b></u>	<u><b>(896,347)</b></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

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


# EAGLEMOSS PUBLICATIONS LIMITED

## BALANCE SHEET

30 SEPTEMBER 2002

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible assets	9	351,357	362,530
<b>CURRENT ASSETS</b>			
Stocks	10	1,233,684	647,033
Debtors	11	10,282,432	13,056,590
Cash at bank and in hand		—	874,652
		<u>11,516,116</u>	<u>14,578,275</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>(8,564,894)</u>	<u>(6,215,319)</u>
<b>NET CURRENT ASSETS</b>		<u>2,951,222</u>	<u>8,362,956</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,302,579</u>	<u>8,725,486</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	14	500,000	500,000
Other reserves	15	80,764	80,764
Profit and Loss Account	16	2,721,815	8,144,722
<b>SHAREHOLDERS' FUNDS</b>	17	<u>3,302,579</u>	<u>8,725,486</u>

These financial statements were approved by the directors on the 3<sup>rd</sup> July 2003 and are signed on their behalf by:

  
S P ROSE  
Director

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

# **EAGLEMOSS PUBLICATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2002**

### **1. ACCOUNTING POLICIES**

#### **(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention. All applicable accounting standards have been complied with.

#### **(b) Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### **(c) Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, stated net of VAT, after providing for anticipated returns. All turnover is derived from the principal activity of the company.

#### **(d) Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment	- 20% on cost
Fixtures & Fittings	- 10% on cost
Motor Vehicles	- 25% on cost

#### **(e) Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **(f) Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

#### **(g) Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

#### **(h) Deferred taxation**

Deferred taxation in respect of all material timing differences arising during the year has been provided for in full where, in the opinion of the directors, a liability can be anticipated.



# EAGLEMOSS PUBLICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

### 1. ACCOUNTING POLICIES *(continued)*

#### (i) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account.

#### (j) Advertising

All advertising expenditure is written off in the year in which it is incurred.

### 2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002 £	2001 £
United Kingdom	4,824,775	4,564,286
Europe	304,256	522,735
Asia and Australasia	1,244,256	1,294,422
Other	358,915	1,329,079
	<u>6,732,202</u>	<u>7,710,522</u>

### 3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2002 £	2001 £
Depreciation	112,382	118,157
Profit on disposal of fixed assets	(8,244)	—
Auditors' remuneration		
- as auditors	19,000	19,500
- for other services	21,167	11,512
Net loss on foreign currency translation	<u>270,238</u>	<u>261,614</u>

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002 No	2001 No
Number of administrative staff	41	30
Number of editorial staff	28	30
	<u>69</u>	<u>60</u>

# EAGLEMOSS PUBLICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

### 4. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,855,651	1,790,132
Social security costs	254,141	174,256
Other pension costs	94,881	10,000
	<u>2,204,673</u>	<u>1,974,388</u>

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	480,006	377,991
Value of company pension contributions to money purchase schemes	40,941	10,000
	<u>520,947</u>	<u>387,991</u>

Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	100,167	84,856
Value of company pension contributions to money purchase schemes	20,000	-
	<u>120,167</u>	<u>84,856</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2002	2001
	No	No
Money purchase schemes	<u>5</u>	<u>2</u>

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001
	£	£
Bank interest receivable	41,771	190,649
Other loan interest receivable	149,857	295,886
Other similar income receivable	103	779
	<u>191,731</u>	<u>487,314</u>

# EAGLEMOSS PUBLICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest payable on bank borrowing	272,661	124,647
Other similar charges	6,359	1,009
	<u>279,020</u>	<u>125,656</u>

### 8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2002 £	2001 £
Current tax:		
<b>UK Taxation</b>		
Over/under provision in prior year	–	(55,329)
<b>Foreign tax</b>		
Current tax on income for the year	1,166	29,594
Total current tax	<u>1,166</u>	<u>(25,735)</u>

### 9. TANGIBLE FIXED ASSETS

	Office Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 October 2001	1,224,482	199,970	68,109	1,492,561
Additions	67,121	6,780	33,419	107,320
Disposals	–	–	(33,300)	(33,300)
At 30 September 2002	<u>1,291,603</u>	<u>206,750</u>	<u>68,228</u>	<u>1,566,581</u>
<b>DEPRECIATION</b>				
At 1 October 2001	923,130	166,873	40,028	1,130,031
Charge for the year	74,872	20,461	17,049	112,382
On disposals	–	–	(27,189)	(27,189)
At 30 September 2002	<u>998,002</u>	<u>187,334</u>	<u>29,888</u>	<u>1,215,224</u>
<b>NET BOOK VALUE</b>				
At 30 September 2002	<u>293,601</u>	<u>19,416</u>	<u>38,340</u>	<u>351,357</u>
At 30 September 2001	<u>301,352</u>	<u>33,097</u>	<u>28,081</u>	<u>362,530</u>

# EAGLEMOSS PUBLICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

### 10. STOCKS

	2002	2001
	£	£
Raw materials	132,018	83,003
Work in progress	421,793	564,030
Finished goods	679,873	—
	<u>1,233,684</u>	<u>647,033</u>

### 11. DEBTORS

	2002	2001
	£	£
Trade debtors	5,381,631	6,144,799
Amounts owed by fellow subsidiary undertakings	920,601	1,288,279
Amounts owed by ultimate holding company	1,926,564	2,115,711
Amounts owed by other group undertakings	1,647,357	2,218,824
Other debtors	397,779	1,224,977
Prepayments and accrued income	8,500	64,000
	<u>10,282,432</u>	<u>13,056,590</u>

### 12. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	3,409,580	—
Trade creditors	2,397,198	5,641,861
Amounts owed to group undertakings	2,386,036	281,408
Other taxation and social security	66,591	51,593
Other creditors	195,088	220,957
Accruals and deferred income	110,401	19,500
	<u>8,564,894</u>	<u>6,215,319</u>

### 13. RELATED PARTY TRANSACTIONS

During the year Eaglemoss Publications Limited provided various loans to Brightstar Publishing Plc, an associated company to the ultimate holding company. The loans bear interest at between 2.5% over the UK lending base rate and 15%. As at 30 September 2002, the balance owed to Eaglemoss Publications Limited was £1,572,895 (2001:£2,281,029). The interest receivable for the year on the various loans was £149,857 (2001:£295,886).

Other transactions between fellow group companies are exempt from disclosure by virtue of being included in the holding company's consolidated accounts.

# EAGLEMOSS PUBLICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

### 14. SHARE CAPITAL

#### Authorised share capital:

	2002	2001
	£	£
25,000 £1 'A' Ordinary Shares shares of £1 each	25,000	25,000
975,000 £1 'B' Ordinary Shares shares of £1 each	975,000	975,000
	<u>1,000,000</u>	<u>1,000,000</u>

#### Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
£1 'A' Ordinary Shares shares of £1 each	25,000	25,000	25,000	25,000
£1 'B' Ordinary Shares shares of £1 each	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

### 15. OTHER RESERVES

	2002	2001
	£	£
Capital Reserves	<u>80,764</u>	<u>80,764</u>

### 16. PROFIT AND LOSS ACCOUNT

	2002	2001
	£	£
Balance brought forward	8,144,722	9,041,069
Accumulated loss for the financial year	<u>(5,422,907)</u>	<u>(896,347)</u>
Balance carried forward	<u>2,721,815</u>	<u>8,144,722</u>

### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Loss for the financial year	(5,422,907)	(896,347)
Opening shareholders' equity funds	<u>8,725,486</u>	<u>9,621,833</u>
Closing shareholders' equity funds	<u>3,302,579</u>	<u>8,725,486</u>

### 18. COMMITMENTS AND CONTINGENCIES

Eaglemoss Publications Limited has provided a cross guarantee and debenture in favour of Barclays Bank Plc for borrowing facilities of its' ultimate holding company, Eaglemoss Publishing Group Limited and its' fellow subsidiary, Eaglemoss International Limited. At 30 September 2002 the relevant borrowing of Eaglemoss International Limited and Eaglemoss Publishing Group Limited was nil.

# **EAGLEMOSS PUBLICATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2002**

### **19. CONTROL**

The company is controlled by E.B. Hilton, the majority shareholder of the ultimate holding company.

### **20. ULTIMATE HOLDING COMPANY**

The ultimate holding company is Eaglemoss Publishing Group Limited, a company registered in England and Wales. Copies of the Financial Statements of Eaglemoss Publishing Group Limited may be obtained from the Registrar of Companies, Companies House, Cardiff.