

**EAGLEMOSS PUBLICATIONS LIMITED**

**REGISTRAR**

**COMPANY REGISTERED NO: 1369365**

**REPORT AND FINANCIAL STATEMENTS**

**30 SEPTEMBER 2000**



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**Arnold Hill & Co**

**Chartered Accountants**

**Craven House  
16 Northumberland Avenue  
London WC2N 5AP**

**EAGLEMOSS PUBLICATIONS LIMITED****DIRECTORS' REPORT**

The directors submit their report and the audited financial statements for the year ended 30 September 2000.

**PRINCIPAL ACTIVITIES**

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

**REVIEW OF BUSINESS**

The trading loss for the year, after taxation, amounted to £ 2,862,633 (1999: Loss £ 1,789,656).

**DIVIDENDS**

The directors do not recommend the payment of a dividend.

**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 2000, is Eaglemoss Holdings Limited, a company registered in England & Wales.

**PAYMENT OF CREDITORS**

It is company policy to abide by the terms of payment in respect of suppliers.

**DIRECTORS AND THEIR INTERESTS**

The directors of the company who served during the year, and their interests in the share capital, are as follows:

	<u>At 1 October 1999 and</u> <u>30 September 2000</u>	
	<u>'A'</u>	<u>'B'</u>
	<u>Ordinary</u>	<u>Ordinary</u>
	<u>Shares of £1</u>	<u>Shares of £1</u>
E P J Cavendish (Deceased 13 November 2000)	6,000	8,000
E B Hilton	-	-
D M Stanley	-	-
J O Heany Sibley	-	-
S Rose	-	-
M Calmels	-	-

At 30 September 2000, E P J Cavendish held 549,900 (1999: 549,900), E B Hilton held 250,100 (1999: 250,100) and D M Stanley held 200,000 (1999: 200,000) ordinary £1 shares in the ultimate holding company, Eaglemoss Holdings Limited.

## **EAGLEMOSS PUBLICATIONS LIMITED**

### **DIRECTORS' REPORT**

#### **AUDITORS**

A resolution to reappoint Messrs Arnold Hill & Co as auditors will be put to the members at the Annual General Meeting.

#### **RESPONSIBILITY STATEMENT**

With regard to accounting and financial matters, directors have clearly defined responsibilities.

Under Company Law, they are required to prepare financial statements each year and to present them to the Members at an Annual General Meeting. The form of the financial statements is prescribed by the Companies Act 1985 and they must give a true and fair view of the state of affairs of the company at the end of the year and of the result for the year. The financial statements should be prepared on a going concern basis unless it is inappropriate. The directors are responsible for the selection and consistent application of suitable accounting policies and, where necessary, for making prudent and reasonable estimates and judgements.

Additionally, the directors are responsible for safeguarding the assets of the company, for maintaining adequate accounting records and for preventing and detecting irregularities such as fraud.

**BY ORDER OF THE BOARD**

  
.....  
S P ROSE  
Director

Date: 16.05.01

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
EAGLEMOSS PUBLICATIONS LIMITED**

We have audited the financial statements on pages 4 to 12, which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, 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 30 September 2000 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: 4th June 2001

**EAGLEMOSS PUBLICATIONS LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 SEPTEMBER 2000**

		<u>2000</u> <u>£</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
<b>TURNOVER</b>	2		11,430,860	12,811,661
Cost of Sales			(5,119,455)	(5,807,147)
<b>GROSS PROFIT</b>			6,311,405	7,004,514
Distribution Costs		1,647,765		2,106,168
Marketing & Promotion		3,622,874		3,231,425
Administration Expenses		<u>4,336,189</u>		<u>3,846,574</u>
			(9,606,828)	(9,184,167)
<b>OPERATING LOSS</b>	3		(3,295,423)	(2,179,653)
Interest Receivable	6		601,099	563,454
Interest Payable and Similar Charges	7		(145,245)	(153,876)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(2,839,569)	(1,770,075)
Taxation	8		(23,064)	(19,581)
<b>LOSS FOR THE FINANCIAL YEAR</b>	15, 16		<u>£ (2,862,633)</u>	<u>£ (1,789,656)</u>

All the company's activities are classed as continuing.

The company had no recognised gains or losses other than the loss for the year.

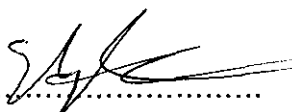
The notes on pages 6 to 12 form part of these financial statements.

## BALANCE SHEET

AS AT 30 SEPTEMBER 2000

	<u>Notes</u>	<u>2000</u> <u>£</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
<b>FIXED ASSETS</b>				
Tangible Assets	9		427,105	457,451
			427,105	457,451
<b>CURRENT ASSETS</b>				
Stocks	10	886,415		288,239
Debtors	11	10,816,172		10,164,327
Cash at Bank and in Hand		4,687,142		4,843,751
		16,389,729		15,296,317
<b>CREDITORS: Amounts falling due within one year</b>	12	(7,195,001)		(3,269,302)
<b>NET CURRENT ASSETS</b>			9,194,728	12,027,015
<b>NET ASSETS</b>			<u>£ 9,621,833</u>	<u>£ 12,484,466</u>
<b>CAPITAL AND RESERVES</b>				
Called Up Share Capital	13		500,000	500,000
Capital Reserves			80,764	80,764
Profit and Loss Account	14		9,041,069	11,903,702
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	15		<u>£ 9,621,833</u>	<u>£ 12,484,466</u>

Approved by the Board for signing on 16.5.01

  
 .....  
 S P ROSE  
 Director

The notes on pages 6 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2000****1. ACCOUNTING POLICIES****a) Accounting Convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

**b) 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.

**c) Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Furniture and fittings	10% on cost
Office Equipment	20% on cost
Motor Cars	25% on cost

**d) 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.

**e) Stock And Work In Progress**

These are stated at the lower of cost and net realisable value.

**f) Advertising**

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided in the year, stated net of VAT, after providing for anticipated returns. All turnover is derived from the principal activity of the company.

An analysis of turnover by geographical market is given below:

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
United Kingdom	8,056,436	9,232,404
Europe	1,049,650	988,223
Asia and Australasia	1,036,828	1,251,897
Other	1,287,946	1,339,137
	<u>£ 11,430,860</u>	<u>£ 12,811,661</u>

## 3. OPERATING LOSS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
This is stated after charging/(crediting):		
Depreciation	126,146	129,260
Profit on Disposal of Fixed Assets	(4,400)	(11,154)
Auditors' Remuneration:		
Audit Fees	17,500	21,350
Other Services	8,564	7,250
Exchange (Gains)/Losses	<u>323,676</u>	<u>(26,686)</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 4. EMPLOYEES

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

	<u>2000</u>	<u>1999</u>
	<u>No</u>	<u>No</u>
Editorial	33	45
Administrative	33	34
	<u>66</u>	<u>79</u>

Staff costs, including director's remuneration, were as follows:

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Wages & Salaries	2,349,456	2,030,006
Social Security Costs	162,869	193,249
Other Pension Costs	49,000	17,561
	<u>£ 2,561,325</u>	<u>£ 2,240,816</u>

## 5. DIRECTORS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Directors Emoluments	647,358	330,720
Company Contributions to Money Purchase Scheme	49,000	17,561
	<u>£ 696,538</u>	<u>£ 348,281</u>

There are two directors accruing benefits under money purchase schemes

<b>Remuneration of Highest Paid Director</b>	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Emoluments	198,984	54,541
Company Pension Contributions to Money Purchase Schemes	22,500	10,000

## 6. INTEREST RECEIVABLE

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Bank Interest	109,153	161,309
Interest from Associated Undertaking	483,444	393,564
Other Interest	8,502	8,581
	<u>£ 601,099</u>	<u>£ 563,454</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Bank Interest and Charges	142,593	152,231
Other Interest and Charges	2,652	1,645
	<u>£ 145,245</u>	<u>£ 153,876</u>

## 8. TAXATION

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
The taxation charge is made up as follows:		
Charge for the year	49,649	-
Irrecoverable Withholding Tax	-	25,920
Over provision in prior year	(26,585)	(6,339)
	<u>£ 23,064</u>	<u>£ 19,581</u>

## 9. TANGIBLE FIXED ASSETS

	<u>Fixtures, Furniture &amp; Equipment</u>	<u>Motor Cars</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<b>Cost</b>			
At 1 October 1999	1,294,180	84,318	1,378,498
Additions	76,690	19,110	95,800
Disposals	-	(17,017)	(17,017)
At 30 September 2000	<u>1,370,870</u>	<u>86,411</u>	<u>1,457,281</u>
<b>Depreciation</b>			
At 1 October 1999	884,314	36,733	921,047
Provided During the Year	104,940	21,206	126,146
Eliminated on Disposal	-	(17,017)	(17,017)
At 30 September 2000	<u>989,254</u>	<u>40,922</u>	<u>1,030,176</u>
<b>Net Book Value</b>			
At 30 September 2000	<u>£ 381,616</u>	<u>£ 45,489</u>	<u>£ 427,105</u>
At 30 September 1999	<u>£ 409,866</u>	<u>£ 47,585</u>	<u>£ 457,451</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 10. STOCKS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Raw materials	84,658	67,412
Work in Progress	801,757	220,827
	<u>£ 886,415</u>	<u>£ 288,239</u>

## 11. DEBTORS

## Amounts Falling Due Within One Year

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Trade Debtors	4,375,962	2,624,973
Amounts owed by Fellow Subsidiary Undertakings	73,453	28,876
Amounts owed by Ultimate Holding Company	2,321,929	2,323,287
Amounts owed by Other Group Undertakings	3,436,164	3,120,843
Other Debtors	578,814	391,683
Prepayments and accrued income	29,850	21,665
	<u>10,816,172</u>	<u>8,511,327</u>

## Amounts Falling Due After More Than One Year

Amounts owed by Other Group Undertaking	-	1,653,000
	<u>£ 10,816,172</u>	<u>£ 10,164,327</u>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Trade Creditors	1,146,375	1,224,224
Social Security and Other Taxes	55,256	71,569
Other Creditors	809,655	358,179
Amounts owed to Fellow Subsidiaries	5,145,305	1,436,047
Accruals	38,410	179,283
	<u>£ 7,195,001</u>	<u>£ 3,269,302</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

## 13. SHARE CAPITAL

	<u>2000</u>	<u>2000</u>	<u>1999</u>	<u>1999</u>
Authorised	<u>No</u>	<u>£</u>	<u>No</u>	<u>£</u>
'A' Ordinary Shares of £1 each	<u>25,000</u>	<u>£ 25,000</u>	<u>25,000</u>	<u>£ 25,000</u>
'B' Ordinary Shares of £1 each	<u>975,000</u>	<u>£ 975,000</u>	<u>975,000</u>	<u>£ 975,000</u>
Allotted, Called Up and Fully Paid	<u>No</u>	<u>£</u>	<u>No</u>	<u>£</u>
'A' Ordinary Shares of £1 each	<u>25,000</u>	<u>£ 25,000</u>	<u>25,000</u>	<u>£ 25,000</u>
'B' Ordinary Shares of £1 each	<u>475,000</u>	<u>£ 475,000</u>	<u>475,000</u>	<u>£ 475,000</u>

'A' Ordinary shares and 'B' Ordinary shares rank equally with respect to dividend and voting rights.

## 14. PROFIT AND LOSS ACCOUNT

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Loss for the Financial Year	(2,862,633)	(1,789,656)
Balance Brought Forward	<u>11,903,702</u>	<u>13,693,358</u>
Balance Carried Forward	<u>£ 9,041,069</u>	<u>£ 11,903,702</u>

## 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
	<u>£</u>	<u>£</u>
Loss for the Financial Year	(2,862,633)	(1,789,656)
Net decrease in Shareholders' Funds	<u>(2,862,633)</u>	<u>(1,789,656)</u>
Shareholders' funds at 1 October	<u>12,484,466</u>	<u>14,274,122</u>
Shareholders' funds at 30 September	<u>£ 9,621,833</u>	<u>£ 12,484,466</u>

## 16. COMMITMENTS AND CONTINGENCIES

Eagle Moss Publications Limited has granted a cross guarantee in favour of Barclays Bank Plc for borrowing facilities in the name of its fellow subsidiary, Eagle Moss International Limited. In addition, the company granted a debenture in favour of Barclays Bank Plc. At 30 September 2000 there was no exposure to borrowings.

## 17. ULTIMATE HOLDING COMPANY

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**18. CONTROL**

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

**19. RELATED PARTY TRANSACTIONS**

During the year Eaglemoss Publications Limited provided various loans to Bright Star Publishing Plc, an associated company to the Ultimate Holding Company. The loans bear interest at between 2.5% over the UK base lending rate and 15%. As at 30 September 2000, the balance owed to Eaglemoss Publications Limited was £ 3,436,164 (1999: £ 4,773,843). The interest receivable for the year on the various loans was £ 483,444 (1999: £ 393,564).

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