

HALI PUBLICATIONS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1997

Company No. 1391142



HALI PUBLICATIONS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

Company registration number: 1391142

Registered office: St Giles House
50 Poland Street
LONDON
W1V 4AX

Directors: G V Sherren
J W Raw
H Sharman
F S Ghandchi
D L Shaffer

Secretary: J W Raw

Bankers: National Westminster Bank PLC
Dean Street Branch
PO Box 2162
20 Dean Street
LONDON
W1A 1SX

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Grant Thornton House
Melton Street
Euston Square
LONDON
NW1 2EP

HALI PUBLICATIONS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

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HALI PUBLICATIONS LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and financial statements for the year ended 30 June 1997.

Activities

The principal activities of the company during the year were those of publishing and distributing magazines and books. It is intended to continue to develop these activities.

Trading results and dividends

The profit after taxation for the year was £15,080 (1996: loss of £45,207) which, when added to the retained loss brought forward of £632,898 gives a retained loss of £617,818 to be carried forward on the profit and loss account.

The directors do not recommend the payment of a dividend.

Tangible assets

Details of changes in tangible assets are shown in note 8 to the financial statements.

Directors

The directors who have served during the year are as follows:

G V Sherren (Chairman)
J W Raw
H Sharman
F S Ghandchi
D L Shaffer

Directors' interests

Messrs Sherren and Raw are also directors of the ultimate parent undertaking, Centaur Communications Limited, and their interests in the shares of group undertakings are given in that company's annual report.

None of the other directors had any interest in the shares of the company during the year.

HALI PUBLICATIONS LIMITED

REPORT OF THE DIRECTORS

Directors responsibilities for the financial statements

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 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Price Waterhouse resigned as auditors to the company during the year. Grant Thornton were appointed in their place and have indicated their willingness to be reappointed as auditors to the company.

BY ORDER OF THE BOARD



J W Raw
Secretary
27 April 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF

HALI PUBLICATIONS LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on pages 4 and 5.

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.

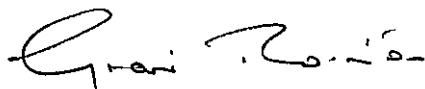
Basis of opinion

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 as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
27 APRIL 1998**

HALI PUBLICATIONS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been drawn up under the historical cost convention and in accordance with applicable accounting standards.

The ultimate parent undertaking, Centaur Communications Limited, has confirmed that it intends to support the company to enable it to continue its activities and pay its third party liabilities, in full, as and when they fall due. Consequently the financial statements have been prepared on a going concern basis.

TURNOVER

Turnover represents sales of magazines, advertising space and other revenue, excluding Value Added Tax.

DEPRECIATION

Depreciation of tangible assets is provided on a straight line basis at the following rates based on the estimated useful lives of the assets:

Leasehold improvements	10% or the length of the lease if shorter
Fixtures and fittings	10%
Computer equipment	20%
Plant and machinery	20%
Motor vehicles	25%

Depreciation is not provided on the library as the directors are of the opinion that the value of the assets concerned do not diminish with time.

STOCK

Stocks of finished goods are valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in production of the stock and bringing it to its current condition and location.

Work in progress is valued as the translation, designing and production costs of books to be printed plus attributable profit to the extent that this is reasonably certain after making provision for contingencies.

FOREIGN CURRENCIES

Transactions denominated in foreign currency are translated at exchange rates prevailing at the transaction date. Assets and liabilities are translated at exchange rates prevailing at the year end date. Any gains or losses arising on exchange are reflected in the profit and loss account.

HALI PUBLICATIONS LIMITED

PRINCIPAL ACCOUNTING POLICIES

DEFERRED TAXATION

Provision is made for deferred taxation to the extent that timing differences are expected to reverse in the foreseeable future.

OPERATING LEASES

Rentals payable under operating leases are charged to the profit and loss account as they are incurred.

HALI PUBLICATIONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 JUNE 1997

	Note	1997 £	1996 £
Turnover	1	1,470,154	1,416,163
Cost of sales		<u>(981,464)</u>	<u>(1,023,276)</u>
Gross profit		488,690	392,887
Distribution costs		(110,287)	(118,143)
Administrative expenses		<u>(364,380)</u>	<u>(341,533)</u>
Operating profit/(loss)		14,023	(66,789)
Interest receivable	5	1,057	16
Interest payable	6	<u>-</u>	<u>(1,358)</u>
Profit/(loss) on ordinary activities before taxation	2	15,080	(68,131)
Taxation	7	<u>-</u>	<u>22,924</u>
Profit/(loss) on ordinary activities after taxation		15,080	(45,207)
Retained loss brought forward		<u>(632,898)</u>	<u>(587,691)</u>
Retained loss carried forward		<u><u>(617,818)</u></u>	<u><u>(632,898)</u></u>

All transactions arise from continuing operations.

All recognised gains and losses are included in the profit and loss account.

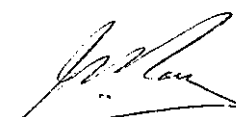
The accompanying accounting policies and notes form an integral part of these financial statements.

HALI PUBLICATIONS LIMITED

BALANCE SHEET AT 30 JUNE 1997

	Note	£	1997 £	£	1996 £
Fixed assets					
Tangible assets	8		179,534		178,274
Current assets					
Stock	9	76,366		32,288	
Debtors	10	465,135		526,189	
Cash at bank and in hand		<u>76,861</u>		<u>5,041</u>	
		<u>618,362</u>		<u>563,518</u>	
Creditors: amounts falling due within one year	11	<u>(991,338)</u>		<u>(950,314)</u>	
Net current liabilities			<u>(372,976)</u>		<u>(386,796)</u>
Total assets less current liabilities			<u>(193,442)</u>		<u>(208,522)</u>
Capital and reserves					
Equity share capital			41,031		41,031
Non-equity share capital			<u>127</u>		<u>127</u>
Called up share capital	12		41,158		41,158
Share premium account			383,218		383,218
Profit and loss account			<u>(617,818)</u>		<u>(632,898)</u>
Shareholders' funds	13		<u>(193,442)</u>		<u>(208,522)</u>

The financial statements were approved by the Board of Directors on 27 April 1998


J W Raw - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

HALI PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

1 SEGMENTAL REPORTING

Turnover and operating profit is attributable to the one principal activity of the company.

An analysis of turnover by market is given below:

	1997 £	1996 £
United Kingdom	329,020	171,356
Overseas	<u>1,141,134</u>	<u>1,244,807</u>
	<u>1,470,154</u>	<u>1,416,163</u>

All net assets are located in the United Kingdom.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging the following amounts:

	1997 £	1996 £
Leasehold property rent	24,000	19,000
Hire of equipment	10,025	10,204
Depreciation of tangible assets	32,306	34,059
Auditors' remuneration		
- audit	3,000	4,200
- non audit	3,000	1,750
Profit on disposal of fixed assets	<u>-</u>	<u>(5,362)</u>

3 STAFF COSTS AND NUMBER

	1997 £	1996 £
Staff costs, including directors emoluments, were as follows:		
Wages and salaries	397,302	400,995
Social security costs	38,943	39,788
Other pension costs	<u>7,783</u>	<u>7,915</u>
	<u>444,028</u>	<u>448,698</u>

The average number of employees during the year was 17 (1996: 22).

HALI PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

4 DIRECTORS' EMOLUMENTS

	1997 £	1996 £
The directors remuneration was as follows:		
Emoluments	96,440	87,489
Pension contributions	<u>4,075</u>	<u>3,897</u>
	<u>100,515</u>	<u>91,386</u>

During the year 2 directors (1996: 2 directors) participated in money purchase schemes.

5 INTEREST RECEIVABLE

	1997 £	1996 £
Interest on bank accounts	<u>1,057</u>	<u>16</u>

6 INTEREST PAYABLE

	1997 £	1996 £
Bank loans and overdrafts	<u>-</u>	<u>1,358</u>

7 TAXATION

The charge/(credit) for taxation comprises:

	1997 £	1996 £
Group tax relief	<u>-</u>	<u>(22,924)</u>

HALI PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

8 TANGIBLE ASSETS

	Leasehold improve- ments £	Plant and machinery £	Fixtures and fittings £	Library £	Computer equipment £	Motor vehicles £	Total £
Cost							
At 1 July							
1996	30,604	5,016	139,853	79,727	168,661	17,500	441,361
Additions	<u>15,906</u>	<u>-</u>	<u>7,012</u>	<u>2,988</u>	<u>7,661</u>	<u>-</u>	<u>33,567</u>
At 30 June							
1997	<u>46,510</u>	<u>5,016</u>	<u>146,865</u>	<u>82,715</u>	<u>176,322</u>	<u>17,500</u>	<u>474,928</u>
Depreciation							
At 1 July							
1996	21,479	5,016	104,977	6,022	123,780	1,813	263,087
Charge for the year	<u>2,545</u>	<u>-</u>	<u>7,672</u>	<u>-</u>	<u>17,715</u>	<u>4,375</u>	<u>32,307</u>
At 30 June							
1997	<u>24,024</u>	<u>5,016</u>	<u>112,649</u>	<u>6,022</u>	<u>141,495</u>	<u>6,188</u>	<u>295,394</u>
Net book value							
At 30 June							
1997	<u>22,486</u>	<u>-</u>	<u>34,216</u>	<u>76,693</u>	<u>34,827</u>	<u>11,312</u>	<u>179,534</u>
At 30 June							
1996	<u>9,125</u>	<u>-</u>	<u>34,876</u>	<u>73,705</u>	<u>44,881</u>	<u>15,687</u>	<u>178,274</u>

9 STOCK

	1997 £	1996 £
Finished goods	28,599	23,269
Work in progress	<u>47,767</u>	<u>9,019</u>
	<u>76,366</u>	<u>32,288</u>

HALI PUBLICATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 JUNE 1997

10 DEBTORS

	1997 £	1996 £
Trade debtors	211,639	258,057
Other debtors	49,182	19,744
Prepayments	-	45,270
Amounts owed by group undertakings	204,314	203,118
	<u>465,135</u>	<u>526,189</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	-	9,320
Trade creditors	56,547	69,325
Other creditors	8,700	448
Accruals and deferred income	455,220	432,393
Taxation and social security	4,460	120
Amounts owed to group undertakings	466,411	438,708
	<u>991,338</u>	<u>950,314</u>

12 SHARE CAPITAL

	Ordinary shares of £1 each £	Non- redeemable preference shares of £1 each £	Total £
Authorised	<u>99,500</u>	<u>500</u>	<u>100,000</u>
Allotted and fully paid	<u>41,031</u>	<u>127</u>	<u>41,158</u>

HALI PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

SHARE CAPITAL (CONTINUED)

The preference shares have the following rights:

- i) No voting rights except on the winding up of the company at which time they have voting rights equivalent to ordinary shares.
- ii) No right to a dividend.
- iii) On the winding up of the company a right to the payment of £1,810 followed by a share of the remaining net assets in proportion to the total number of shares, both ordinary and preference, in issue at that time.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Opening shareholders' funds	(208,522)	(163,315)
Profit/(loss) for the year attributable to shareholders	<u>15,080</u>	<u>(45,207)</u>
Closing shareholders' funds	<u><u>(193,442)</u></u>	<u><u>(208,522)</u></u>

14 CAPITAL COMMITMENTS

The capital commitments at the year end were as follows:

	1997 £	1996 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>740</u>

15 OPERATING LEASE COMMITMENTS

The operating lease rentals which are payable within one year of the balance sheet date are as follows:

	Land and buildings		Equipment	
	1997 £	1996 £	1997 £	1996 £
Leases expiring				
- within one year	9,500	-	-	-
- within two to five years	<u>3,334</u>	<u>29,000</u>	<u>10,007</u>	<u>10,007</u>
	<u><u>12,834</u></u>	<u><u>29,000</u></u>	<u><u>10,007</u></u>	<u><u>10,007</u></u>

HALI PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 JUNE 1997

16 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 1997 or at 30 June 1996.

17 GUARANTEES AND BANK OVERDRAFT

The company has granted a cross guarantee in favour of National Westminster Bank PLC in respect of the bank borrowings of the ultimate parent undertaking and of its fellow subsidiary undertakings. The guarantee is secured by specific and floating charges over the company's assets.

18 CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company is Centaur Communications Limited, registered in England and Wales.

Centaur Communications Limited is the company's controlling related party by virtue of its ultimate 100% holding in the company's share capital and voting rights.

The largest group of undertakings for which group accounts have been drawn up is that headed by Centaur Communications Limited.

19 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of Centaur Communications Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group.