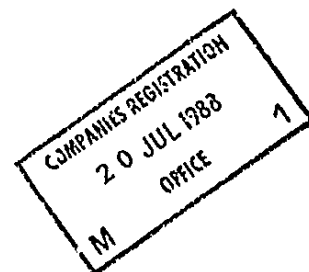


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V & O PUBLICATIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1987

CLARK WHITEHILL
Chartered Accountants
25 New Street Square
London EC4A 3LN



DIRECTORS' REPORTFOR THE YEAR ENDED 31 AUGUST 1987

The directors present their report together with the financial statements for the year ended 31 August 1987.

PRINCIPAL ACTIVITIES

The company continued to publish and distribute the veterinary newsletter 'Animal Pharm' and the pharmaceutical directory 'Pharmaprojects'.

RESULTS AND DIVIDENDS

After corporation tax of £178,179 (1986 - £218,285) the company attained a profit on ordinary activities of £394,264 (1986 - £310,441). The charge to corporation tax has been reduced by £22,456 in respect of interest and penalties suffered in earlier years now recovered following a claim against the previous tax advisers.

The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS

The results for the year are in line with expectations.

FUTURE DEVELOPMENTS

The current year should be one of continuing growth.

FIXED ASSETS

The changes in fixed assets are detailed in note 9 to the accounts.

DIRECTORS

The directors during the year and their interests in the shares of the company were:

	<u>Shares</u>	
	<u>1987</u>	<u>1986</u>
Dr P J Brown	90	90
Mrs P M Brown	90	90

AUDITORS

Clark Whitehill were appointed in the year by the directors after the resignation of the previous auditors, Robert Sykes & Co. A resolution to re-appoint Clark Whitehill will be put to the members at the Annual General Meeting.

By Order of the Board

REPORT OF THE AUDITORS TO THE MEMBERS OF
V & O PUBLICATIONS LIMITED

2

We have audited the financial statements on pages 3 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 August 1987 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

London

18 March 1988.

Laurence Whitbill
Chartered Accountants

PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 AUGUST 1987

	<u>Notes</u>	<u>1987</u> £	<u>16 months to</u> <u>31 August 1986</u> £
TURNOVER	2	1,364,290	1,276,863
Cost of sales		(208,294)	(214,987)
GROSS PROFIT		1,155,996	1,061,876
Distribution costs		(71,019)	(73,801)
Administrative expenses		(525,774)	(457,461)
Other operating income		13,649	(1,888)
OPERATING PROFIT	5	572,852	528,726
Interest receivable and similar income		127	-
Interest payable and similar charges		(536)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		572,443	528,726
Tax on profit on ordinary activities	6	(178,179)	(218,285)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		394,264	310,441
Extraordinary item: Interest and penalties on taxation		-	(639)
Dividend	7	394,264 -	309,802 (140,000)
RETAINED PROFIT FOR THE YEAR	8	£ 394,264 =====	£ 169,802 =====

The notes on pages 6 to 10 form part of these financial statements.

BALANCE SHEET31 AUGUST 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
FIXED ASSETS			
Tangible assets	9	102,055	128,154
CURRENT ASSETS			
Stocks		-	8,758
Debtors	10	1,685,782	1,176,026
Cash at bank and in hand		-	2,140
		<u>1,685,782</u>	<u>1,186,924</u>
CREDITORS			
Amounts falling due within one year	11	(920,988)	(841,207)
NET CURRENT ASSETS		<u>764,794</u>	<u>345,717</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>866,849</u>	<u>473,871</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	(9,700)	(1,939)
NET ASSETS		<u>£ 857,149</u>	<u>£ 471,932</u>
CAPITAL AND RESERVES			
Called up share capital	13	200	200
Profit and loss account	8	856,949	471,732
		<u>£ 857,149</u>	<u>£ 471,932</u>

Approved by the directors on



Directors

March 18th 1988.

The notes on pages 6 to 10 form part of these financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31 AUGUST 1987

	1987	16 Months ended 31.8.86
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	563,396	528,726
Adjustment for items not involving the movement of funds:		
Profit on sale of fixed assets	(5,568)	-
Depreciation	35,971	22,944
	<hr/> 31,403 <hr/>	
TOTAL GENERATED FROM OPERATIONS	594,799	551,670
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	8,500	7,500
	<hr/> 603,299 <hr/>	<hr/> 559,170 <hr/>
APPLICATION OF FUNDS		
Purchases of fixed assets	13,804	130,856
Dividend paid	-	140,000
Advance corporation tax paid	-	85,714
Corporation tax paid	108,829	126,140
Penalties and interest on tax paid late	-	639
	<hr/> (122,633) <hr/>	<hr/> (483,349) <hr/>
	<hr/> £480,666 <hr/>	<hr/> £ 75,821 <hr/>
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	(8,758)	871
Debtors	561,390	320,760
Creditors	(68,977)	(213,056)
	<hr/> 483,655 <hr/>	<hr/> 108,575 <hr/>
Movement in net liquid funds:		
Cash at bank and in hand and overdrafts	2,989	(32,754)
	<hr/> £480,666 <hr/>	<hr/> £ 75,821 <hr/>

The notes on pages 6 to 10 form part of these financial statements.

NOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31 AUGUST 1987

1. ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

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

b) STOCK

Stock is valued at the lower of cost or net realisable value on a first in first out basis.

c) DEPRECIATION

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

Motor vehicles	- 25% pa straight line
Fixtures, fittings, tools and equipment	- 20% pa straight line

d) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in operating profit. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

e) DEFERRED TAXATION

Deferred taxation is accounted for using the liability method in respect of taxation deferred by timing differences other than those which are expected with reasonable probability to continue for the foreseeable future.

f) DEFERRED INCOME

Income is credited to the profit and loss account insofar as it relates to issues published on or before the balance sheet date. Income received which relates to later issues is shown on the balance sheet as deferred income.

NOTES TO THE ACCOUNTS (CONTINUED)

2. TURNOVER

Turnover represents the amount receivable for goods and services supplied by the company excluding VAT and after allowing for discounts taken and amounts received in advance.

The analysis of income by geographical area is:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>16 months</u>
		<u>£</u>
United Kingdom	170,240	182,862
Europe	466,034	448,953
USA	366,775	308,963
Rest of the world	361,241	336,085
	<hr/>	<hr/>
	£1,364,290	£1,276,863
	=====	=====

3. SALARIES AND STAFF

The average number of staff employed by the company during the year excluding directors was 18 (1986 16).

The charge in the accounts is made up as follows:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>16 months</u>
		<u>£</u>
Salaries	267,893	244,015
Social security costs	27,180	23,959
Management charges	-	825
	<hr/>	<hr/>
	£ 295,073	£ 268,799
	=====	=====

It is charged as follows:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>16 months</u>
		<u>£</u>
Cost of sales	25,254	-
Administrative expenses	269,819	268,799
	<hr/>	<hr/>
	£ 295,073	£ 268,799
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)

4. DIRECTORS EMOLUMENTS

No directors of the company received emoluments in the year. (1986 - £Nil).

5. OPERATING PROFIT

	<u>1987</u> £	<u>1986</u> <u>16 months</u> £
This is stated after charging:		
Depreciation	36,971	22,944
Auditors remuneration	3,000	2,885
	=====	=====

6. TAXATION

Provision is made for corporation tax on the company's profit as adjusted for tax purposes.

	<u>1987</u> £	<u>1986</u> <u>16 months</u> £
Corporation tax at 35% (1986 - 38.4%)	(206,000)	(195,955)
Prior year adjustments	23,959	(15,378)
Deferred taxation	3,862	(6,952)
	-----	-----
	£(178,179)	£(218,285)
	=====	=====

7. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 August 1987.

8. PROFIT AND LOSS ACCOUNT

	<u>1987</u> £	<u>1986</u> £
Retained profit at 31 August 1986 as previously reported	471,732	301,930
Prior year adjustment (note 14)	(9,047)	(9,047)
	-----	-----
Retained profit at 31 August 1986 as restated	462,685	292,883
Retained profit for the year	394,264	169,802
	-----	-----
Retained profit at 31 August 1987	£ 856,949	£ 462,685
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)

9. TANGIBLE FIXED ASSETS	Short-leasehold Land and Buildings	Motor Vehicles	Fixtures, Fittings, Tools & Equipment	Total
COST				
1 September 1986	2,932	39,657	121,478	164,067
Additions	-	-	13,804	13,804
Disposals	(2,932)	-	-	(2,932)
31 August 1987	-	39,657	135,282	174,939
DEPRECIATION				
1 September 1986	-	7,397	28,516	35,913
Charge for year	-	9,914	27,057	36,971
Disposals	-	-	-	-
31 August 1987	-	17,311	55,573	72,884
Net Book Value				
31 August 1987	£ -	£ 22,346	£ 79,709	£ 102,055
	=====	=====	=====	=====
Net Book Value				
31 August 1986	£ 2,932	£ 32,260	£ 92,962	£ 128,154
	=====	=====	=====	=====

10. DEBTORS	1987 £	1986 £
Trade Debtors	59,115	123,602
Amounts owed by companies under common control	1,562,052	947,568
Other debtors and prepayments	64,615	104,856
	£1,685,782	£ 1,176,026
	=====	=====

Included in other debtors is £22,456 of interest and penalties recoverable as a result of a claim against the company's previous tax advisers. Also included is £4,872 in respect of corporation tax recoverable as a result of the prior year adjustment (note 14).

11. CREDITORS

Amounts falling due within one year:

Bank loans and overdrafts	3,810	2,961
Trade creditors	39,772	30,053
Amounts owed to companies under common control	49,885	50,465
Other creditors including taxation and social security	212,812	203,682
Accruals	7,467	7,989
Deferred income	607,242	546,057
	£ 920,988	£ 841,207
	=====	=====

Other creditors including taxation and social security comprises:

Corporation tax	206,000	196,045
PAYE and NIC	6,812	7,637
	£ 212,812	£ 203,682
	=====	=====

NOTES TO THE ACCOUNTS (CONTINUED)

12. DEFERRED TAXATION	<u>1987</u> £	<u>1986</u> £
Accelerated capital allowances Recoverable ACT	9,700 —	13,562 (11,623)
Full potential liability	£ 9,700 =====	£ 1,939 =====
13. SHARE CAPITAL	<u>1987</u>	<u>1986</u>
Authorised: Ordinary shares £1 each	£ 1,000 =====	£ 1,000 =====
Issued, called up and fully paid: Ordinary shares £1 each	£ 200 =====	£ 200 =====
14. PRIOR YEAR ADJUSTMENT	£	£
Increase in amounts due to companies under common control	13,919	13,919
Corporation tax recoverable	(4,872)	(4,872)
	£ 9,047 =====	£ 9,047 =====

Representing adjustment required to agree inter company balances as at 1 September 1986 resulting in restatement of the 1986 balance sheet. The reported results in 1986 are not affected.