

Cornhill Publications Limited

A STERLING PUBLISHING GROUP PLC COMPANY

ANNUAL REPORT AND ACCOUNTS
31ST MARCH 1995



Cornhill Publications Limited

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Cornhill Publications Limited

DIRECTORS AND ADVISERS

Directors:

R M Summers (Chairman)
D M Coughlan
C M Eaves-Walton
L S Garman
S E Kessler
V L Lewis
N W Smith

Secretary:

N W Smith

Registered Office:

Garfield House, 86 / 88 Edgware Road, London W2 2YW

Registered Number:

1564127

Auditors:

Price Waterhouse
Southwark Towers, 32 London Bridge Street, London SE1 9SY

Cornhill Publications Limited

DIRECTORS' REPORT

for the year ended 31 March 1995

The Directors present their report together with audited accounts for the year ended 31 March 1995.

Trading Results and Dividends

The results for the year to 31 March 1995 are set out on page 6. The profit for the year after taxation amounted to £1,079,729 (1994: Profit £1,761,840). The Directors do not propose the payment of a dividend (1994: £Nil) and that the whole of this amount should be transferred to reserves.

Principal Activities

The principal activity of the Company, which remains unchanged since last year, is the publication of quarterly and annual trade and technical annual reference books both independently and on behalf of trade and professional bodies.

Review of Business and Future Developments

The results for the current year reflect the problems which have arisen from the rapid growth in advertising revenues derived from countries in the CIS. Although this area had previously been a valuable source of profits and cash flow for the Company, collecting monies from debtors in these countries has become increasingly difficult. As a result, the Company has made substantially increased provisions against CIS debtors, which given the high proportion of sales which these countries represent, has had a major adverse impact on the 1994/95 results. With effect from June 1995, sales are only made to CIS countries on receipt of full prepayment from the advertiser. These problems have detracted from the successful launch of a number of new publications, primarily targeted to attract advertisers from other geographical areas. It is anticipated that the above steps taken by the Company will maintain its profitability during the current year.

Directors

The Directors of the company, who served throughout the year, were:-

R M Summers (Chairman)

D M Coughlan

C M Eaves-Walton

L S Garman

S E Kessler

V L Lewis (resigned 14 August 1995)

N W Smith

No Director had an interest in the shares of the Company or in contracts with the Company other than under a service contract. Negotiations are taking place between the Company and V L Lewis relating to the termination of his service agreement which was for a period of two years and eleven months from 1 April 1994.

All of the Directors are Directors of the immediate parent company Cornhill Publications (Holdings) Limited. Their interests in the share capital of that company and the ultimate parent company, Sterling Publishing Group PLC, are disclosed in that company's accounts.

Under the Company's Articles of Association the Directors are not required to retire by rotation.

Cornhill Publications Limited

DIRECTORS' REPORT - CONTINUED

for the year ended 31 March 1995

Employee Involvement

The Company continues to recognise the crucial role played by its employees in the success of the business and employees are encouraged to develop their contribution. Regular communication takes place through meetings at all levels.

Employment of disabled persons

The Group's recruitment, training, development, and promotional policies give equal opportunity for disabled persons to develop their potential. Wherever possible, where employees become disabled at work, additional training is arranged to meet their special needs in order to enable them to fulfil their promotional potential within the Group.

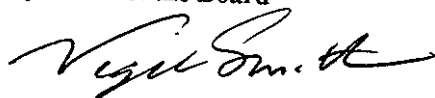
Fixed Assets

• Movements in the fixed assets during the year are set out in the Notes to the Accounts.

Auditors

A resolution to reappoint the auditors, Price Waterhouse, will be proposed at the Annual General Meeting.

By Order of the Board



N W Smith
Secretary

September 25, 1995

Cornhill Publications Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1995

	Note	1995 £	1994 £
Turnover			
Cost of Sales	2	14,817,682 (9,874,127)	12,446,572 (7,763,646)
Gross Profit			
Distribution costs		4,943,555	4,682,926
Administrative expenses		(1,004,522) (2,866,838)	(794,935) (1,706,895)
Operating Profit /(Loss)			
Interest payable and similar charges	3 5	1,072,195 (19,883)	2,181,096 (22,348)
Profit on Ordinary Activities before taxation			
Tax on profit on ordinary activities	6	1,052,312 27,417	2,158,748 (396,908)
Profit on Ordinary Activities after taxation			
Dividend		1,079,729	1,761,840
Retained Profit for the year		- 1,079,729	- 1,761,840

Statement of Retained earnings for the year ended 31st March 1995

	£	£
At 1st April 1994		
Retained profit for the year transferred to reserves	4,644,851	2,883,011
At 31st March 1995	1,079,729 5,724,580	1,761,840 4,644,851

There have been no discontinued operations in the years to 31 March 1995 or 31 March 1994.

Apart from the retained profit for the year transferred to reserves there have been no other recognised gains or losses relating to the year (1994 : Nil).

The notes on pages 8 to 13 form an integral part of these accounts.

Cornhill Publications Limited

BALANCE SHEET

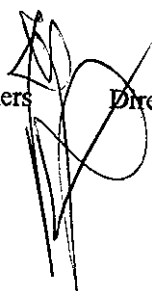
at 31 March 1995

	Note	1995 £	1994 £
Fixed Assets			
Tangible assets	7	469,844	633,005
		469,844	633,005
Current Assets			
Debtors			
Cash at bank and in hand	8	9,417,892	7,345,067
		1,126,946	824,395
		10,544,838	8,169,462
Creditors - Amounts falling due within one year	9	5,285,102	4,104,609
Net Current Assets		5,259,736	4,064,853
Total Assets less Current Liabilities		5,729,580	4,697,858
Creditors - Amounts falling due after more than one year	9	-	(48,007)
Provision for liabilities and charges		-	-
		5,729,580	4,649,851
Capital and Reserves			
Called up share capital			
Profit and loss account	12	5,000	5,000
At 31st March 1995		5,724,580	4,644,851
		5,729,580	4,649,851

The notes on pages 8 to 13 form an integral part of these accounts.

The accounts on pages 6 to 13 were approved by the board of directors on September 25, 1995 and signed on their behalf by:

R M Summers Director



Cornhill Publications Limited

NOTES TO THE ACCOUNTS

for the year ended 31 March 1995

1 Accounting Policies

Accounting convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and are in accordance with applicable accounting standards.

Turnover

Turnover, which excludes value added tax, comprises amounts invoiced for services performed or advertisements placed in books published by the Company during the year. Books are treated as published when the Company has completed those tasks for which it is directly responsible, under its contractual arrangements.

Tangible fixed assets

Depreciation is provided to write off the cost or valuation, less the estimated residual value, on all tangible fixed assets over their expected useful lives. The principal rates used for this purpose are as follows:

- Fixtures and Fittings	-	15 - 20% per annum on the reducing balance
- Motor Vehicles	-	25% per annum on the reducing balance
- Leasehold premises	-	Over the term of the lease

Leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the lease payments during the lease term. The corresponding lease commitments are shown as amounts payable to the lessor. Depreciation of the relevant asset is charged to the profit and loss account.

Lease payments are split between capital and interest, on a straight line basis, evenly over the period of the lease. The interest is charged to the profit and loss account.

Rentals paid under operating leases are charged to income as incurred.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date.

All exchange differences arising are included in the Profit and Loss account

Deferred taxation

Deferred taxation in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts, is only provided in the accounts to the extent that there is a reasonable probability that such deferred tax will be payable in the foreseeable future. Timing differences are due primarily to the excess of the capital allowances on fixed assets over the corresponding depreciation charged in the accounts.

Pension Schemes

The Company's pension contributions to the pension schemes for its employees, all of which are defined contribution schemes, are charged against profit in the year in which they fall due.

Cornhill Publications Limited

NOTES TO THE ACCOUNTS - CONTINUED

for the year ended 31 March 1995

2 Turnover

An geographical analysis of the Company's turnover is as follows:

	1995	1994
	£	£
United Kingdom	945,980	680,071
United States	1,422,969	1,314,286
Europe	5,897,874	6,193,211
C I S countries	3,495,925	2,332,732
Other	3,054,934	1,926,272
	14,817,682	12,446,572

The Directors consider the activities of the business to constitute a single class of business, operating wholly in the United Kingdom.

3 Operating Profit

Operating profit is stated after charging the following amounts:

	1995	1994
	£	£
Directors emoluments	570,967	412,992
Auditors remuneration	23,000	12,000
Depreciation	207,608	149,839
Loss on disposal of fixed assets	-	-
Operating leases	-	-
Land and buildings	407,467	419,000
Other operating leases	-	-
And after Crediting		
Profit on disposal of fixed assets	50,834	8,676

4 Employees

Staff costs of all employees, including executive directors consist of:

	1995	1994
	£	£
Wages and salaries	4,287,164	3,746,464
Social Security costs	424,850	345,861
Pension costs	129,086	50,191
	4,841,100	4,142,516
The average number of employees during the year was :	196	174

Cornhill Publications Limited

NOTES TO THE ACCOUNTS - CONTINUED

for the year ended 31 March 1995

4 Employees (Continued)

Directors

Directors' emoluments for management services, including pension contributions, amounted to £570,967 (1994: £ 412,992)

The directors' remuneration above, excluding pension contributions, were divided as follows:

	1995	1994
Chairman	£	£'
Highest paid Director	Nil	Nil
	198,450	138,260

	1995	1994
	number	number
£Nil - £5,000	3	3
£40,001-£45,000	-	1
£50,001 - £55,000	1	-
£55,001 - £60,000	-	1
£70,001- £75,000	1	-
£125,001- £130,000	1	1
£135,001 - £140,000	-	1
£195,001 - £200,000	1	-

5 Interest payable and similar charges

	1995	1994
	£	£
Interest on bank overdrafts repayable within 5 years		14,813
Interest on finance leases and hire purchase contracts, repayable by instalment: within 5 years	10,160	
Other repayable within 5 years	17,380	7,459
	-	76
Bank interest receivable	27,540	22,348
	(7,657)	-
	(7,657)	-
	19,883	22,348

6 Tax on profit on ordinary activities

	1995	1994
	£'000	£'000
United Kingdom corporation tax based on profit/ (loss) for the year at 33% (1994 : 33%)	-	585,534
(Over) provision in prior years	(27,417)	(188,626)
	(27,417)	396,908

The profit for the period, for UK corporation tax purposes, has been increased by £43,000 in respect of the excess of depreciation over capital allowances. No liability to UK corporation tax arises on the profit for the period, as group relief has been surrendered to the Company, for no consideration, by other companies within the Sterling Publishing Group PLC group of companies.

Cornhill Publications Limited

NOTES TO THE ACCOUNTS - CONTINUED

for the year ended 31 March 1995

7 Tangible Fixed Assets

	Short leasehold	Fixtures fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 April 1994				
Additions	165,635	588,793	335,956	1,090,384
Transfers	-	137,411	172,328	309,739
Disposals	-	-	-	-
At 31 March 1995	165,635	726,204	(508,284)	(508,284)
Depreciation				
At 1 April 1994				
Charge for the year	53,298	256,798	147,283	457,379
Transfers	13,204	98,695	95,709	207,608
Disposals	-	-	-	-
At 31 March 1995	-	-	(242,992)	(242,992)
At 31 March 1995	66,502	355,493	-	421,995
Net book value				
At 31 March 1995	99,133	370,711	-	469,844
At 31 March 1994	112,337	331,995	188,673	633,005

The net book amount of fixed assets includes £ Nil (1994: £145,017) in respect of assets held under finance leases and hire purchase contracts.

Land and buildings are shown at:

	1995	1994
	£	£
Cost	165,635	165,635
The historic cost of the short leasehold is:	165,635	165,635
	1995	1994
	£	£
Cost	165,635	165,635
Historic depreciation	(66,502)	(53,298)
	99,133	112,337

8 Debtors

	1995	1994
	£	£
Amounts falling due with one year		
Trade debtors		
Other debtors	4,227,016	5,098,874
Prepayments and accrued income	114,635	48,478
Amounts due from ultimate holding company	1,607,048	1,331,774
Amounts due from parent company	2,949,193	347,953
Amounts due from group undertakings	6,267	6,267
	513,733	511,721
	9,417,892	7,345,067

Prepayments and accrued income includes £1,403,590 (1994 : £1,144,510) in respect of expenditure incurred on books published after 31 March 1995 (1994: 31 March 1994).

Cornhill Publications Limited

NOTES TO THE ACCOUNTS - CONTINUED

for the year ended 31 March 1995

9 Creditors

	1995	1994
	£	£
Amounts falling due within one year :		
Unsecured bank overdraft		
Trade creditors	222,721	222,342
Amounts due to group undertakings	1,900,979	1,998,123
Corporation tax	16,650	7,315
Other taxation and social security costs	910,858	920,207
Other creditors	397,584	236,976
Obligations under finance leases and hire purchase contracts	638,529	325,702
Accruals and deferred income	-	42,235
	1,197,781	351,709
	5,285,102	4,104,609

	1995	1994
	£	£
Amounts falling due after one year :		
Obligations under finance leases and hire purchase contracts	-	48,007
	-	48,007

10 Obligations under finance leases

The future minimum lease payments to which the company is committed under finance leases and hire purchase contracts are as follows:

	1995	1994
	£	£
Amounts payable within one year	-	50,960
Amounts payable between one to five years	-	55,237
Interest included in respect of future years	-	106,197
	-	(15,955)
	-	90,242
Obligations payable within one year	-	42,235
Obligations payable after one year	-	48,007
	-	90,242

11 Deferred Taxation

Analysis of provision and amounts unprovided:

	1995 Provision made	1995 Full potential net asset	1994 Provision made	1994 Full potential net asset
	£	£	£	£
Accelerated capital allowances	-	12,901	-	5,742
Other timing differences	-	-	-	(170)
	-	12,901	-	5,572

Cornhill Publications Limited

NOTES TO THE ACCOUNTS - CONTINUED

for the year ended 31 March 1995

12 Share Capital

	1995	1994	1995	1994
	Number	Number	£	£
Authorised, allotted called up and fully paid				
Ordinary shares of £1 each	5,000	5,000	5,000	5,000
	5,000	5,000	5,000	5,000

13 Reconciliation of Movements in Shareholders' Funds

	1995	1994
	£	£
Profit attributable to shareholders		
Dividends	1,079,729	1,761,840
Net increase in shareholders' funds	-	-
Opening shareholders' funds	1,079,729	1,761,840
Closing shareholders' funds	4,649,851	2,888,011
	5,729,580	4,649,851

14 Contingent Liabilities and Financial Commitments

The Company and certain other fellow group undertakings are parties to a composite banking facility under which the parties are jointly and severally liable. The total net amount due to the bank in respect of the facility at 31 March 1995 amounted to £9,636,000 (1994: £9,392,000) in respect of intercompany guarantees.

The Company has annual financial commitments in respect of non cancellable operating leases as follows:

	1995	1994
	£	£
Land and Buildings		
Terminating in one year	1,000	14,000
Terminating in two to five years	-	-
Terminating in more than five years	388,000	405,000
	389,000	419,000
Plant and Machinery		
Terminating in one to five years	-	-
	-	-

15 Capital Commitments

	1995	1994
	£	£
Authorised and contracted for	-	-
Authorised and not contracted for	-	-
	-	-

16 Ultimate Holding Company

The Company's ultimate holding company is Sterling Publishing Group Plc, a company incorporated in the United Kingdom and registered in England which is the parent undertaking of the smallest and largest groups for which group accounts are prepared and of which the Company is a member. The Company is registered in England and its registered number is 1564127. Group accounts can be obtained from Sterling at its registered office at 86-88 Edgware Road, London W2 2YW.

Cornhill Publications Limited

**DIRECTORS' RESPONSIBILITIES STATEMENT AND
AUDITORS' REPORT**

for the year ended 31 March 1995

DIRECTORS' RESPONSIBILITIES STATEMENT

It is the responsibility of the Directors to prepare financial statements on a going concern basis for each financial year which give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of the profit and loss for that period. The Directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. The Directors are also responsible for maintaining adequate records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF CORNHILL PUBLICATIONS LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described above, 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 affairs of the Company as at 31 March 1995 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

Chartered Accountants &
Registered Auditors
Southwark Towers
32 London Bridge Street,
London SE1 9SY

September 25, 1995