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ELECTRONIC PRESS LIMITED

Report and Financial Statements

31 December 1999

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1999

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REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Noorman
A F Moon
B Barrett

SECRETARY

Mawlaw Secretaries Limited
20 Blackfriars Lane
London EC4V 6HD

REGISTERED OFFICE

The Boulevard
Langford Lane
Kidlington
Oxford
OX5 1GB

SOLICITORS

Rowe and Maw
20 Blackfriars Lane
London EC4V 6HD

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITY REVIEW OF DEVELOPMENTS

The company did not trade during the year. The directors do not expect trading to recommence in the forthcoming year.

The results for the year are disclosed on page 5. The directors do not recommend the payment of a dividend for the year (1998 - £nil).

DIRECTORS

The directors who served throughout the year were as follows:

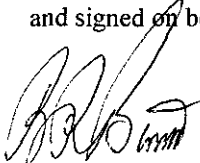
G Noorman
A F Moon
B Barrett

No director held any interest in the share capital of the company or any other group company at any time during the current or preceding year.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director, **B. Barratt**
31 October 2000

STATEMENT OF 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 as at the end of the financial year and of the profit or loss of the company for that year. 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;
- 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. They 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' REPORT TO THE MEMBERS OF ELECTRONIC PRESS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

31 Dec 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £	1998 £
TURNOVER	2	-	149,684
Cost of sales		-	(77,272)
GROSS PROFIT		-	72,412
Administrative expenses	3	-	(102,901)
OPERATING LOSS	5	-	(30,489)
Profit on sale of trade and assets		-	64,329
Other interest receivable and similar income		-	85,738
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	119,578
Tax on profit on ordinary activities	6	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	119,578
PROFIT FOR THE FINANCIAL YEAR		-	-
TRANSFERRED TO RESERVES	10	-	119,578

All amounts relate to discontinued activities.

There are no recognised gains or losses or movements in shareholders' funds for the current financial year and preceding financial year other than as stated in the profit and loss account. Consequently, a statement of total recognised gains and losses and reconciliation of movement in shareholders' funds have not been presented.

BALANCE SHEET
31 December 1999

	Note	1999 £	1998 £
CREDITORS: amounts falling due within one year	7	(4,362,088)	(4,362,088)
NET CURRENT LIABILITIES		<u>(4,362,088)</u>	<u>(4,362,088)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(4,362,088)</u>	<u>(4,362,088)</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>(4,363,088)</u>	<u>(4,363,088)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(4,362,088)</u>	<u>(4,362,088)</u>

These financial statements were approved by the Board of Directors on 31 October 2000.

Signed on behalf of the Board of Directors



Director, B. Barrett

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. After making enquiries, the directors consider that the company has adequate resources to continue in existence for the foreseeable future.

Turnover

Turnover represents the invoiced value of goods and services sold net of value added tax.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Pensions

The Reed Elsevier Pension Scheme, which is a defined benefit scheme, is administered on a Reed Elsevier plc group basis and total contributions are assessed by a qualified actuary based on the cost of providing pensions across all Reed Elsevier plc group companies. Costs are not determined separately for each participating company, hence contributions are charged to the profit and loss account in the period on the basis of amounts payable.

2. TURNOVER

All turnover arose in the United Kingdom from the company's principal trading activities.

3. EXCEPTIONAL ITEMS

Included within administrative expenses are £nil (1998: £125,000) exceptional redundancy and reorganisation costs unrelated to the discontinuance of a business segment.

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No remuneration was paid to the directors in respect of their services to the company in the year ended 31 December 1999, or the preceding year. The directors of the company are remunerated by other Reed Elsevier plc group companies.

The average monthly number of persons employed during the year was:

	1999 No.	1998 No.
Selling and distribution	-	1
Administration	-	6
Editorial	-	23
	<hr/>	<hr/>
	-	30
	<hr/>	<hr/>
Staff costs during the year:	£	£
Wages and salaries	-	247,118
Social security costs	-	71,772
	<hr/>	<hr/>
	-	318,890
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No pension costs were incurred by the company during the current or preceding year.

5. OPERATING LOSS

	1999 £	1998 £
Operating loss is stated after charging:		
Auditors' remuneration – audit fees	-	5,000
Depreciation – owned tangible assets	-	565,040
	<hr/>	<hr/>

The audit fees in the current year are borne and not recharged by another group company.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The current year tax charge is £nil (1998: £nil).

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amounts owed to group undertakings	4,362,088	4,362,088
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NOTES TO THE ACCOUNTS

Year ended 31 December 1999

8. PENSIONS AND SIMILAR OBLIGATIONS

The company participates in the Reed Elsevier Pension Scheme. This scheme is of the defined benefit type providing benefits to certain employees within the Reed Elsevier plc group and the assets are held separately from the group's assets.

From 1 April 1989, on the recommendation of the Group's actuaries, no company contributions have been made to the scheme. A valuation of the Reed Elsevier Pension Scheme was carried out at 5 April 1997. Details of this valuation are contained in the 1999 Report and Accounts of Reed Elsevier plc.

9. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000

10. PROFIT AND LOSS ACCOUNT

	£
At 1 January 1999	(4,363,088)
Profit for the year	-
At 31 December 1999	(4,363,088)

11. ULTIMATE PARENT COMPANY

The company's ultimate parent and controlling undertaking is Reed Elsevier plc, a company registered in England and Wales and incorporated in Great Britain. Copies of the consolidated financial statements of Reed Elsevier plc may be obtained from its registered office, 25 Victoria Street, London SW1H 0EX. Reed Elsevier plc is jointly owned by Reed International P.L.C. (a company registered in England and Wales) and Elsevier NV (a company incorporated in the Netherlands).

In the opinion of the directors, the immediate parent undertaking and controlling party at 31 December 1999 was Elsevier Science Limited, The Boulevard, Langford Lane, Kidlington, Oxford, OX5 1GB

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 and has not disclosed details of transactions with other group related parties qualifying as related parties, as the consolidated financial statements, in which the company is included, are publicly available.