

Blackhorse Distribution Limited
Annual report
for the year ended 31 December 2000

	Pages
Report of the director	1 - 2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 12



Blackhorse Distribution Limited

Report of the director for the year ended 31 December 2000

The director presents his report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company is that of magazine distribution.

Review of business

The profit and loss account for the year is set out on page 4.

Both the level of business and the year-end financial position were disappointing notwithstanding difficult trading conditions. The director anticipates an improvement in the current year.

Dividends

No dividend per ordinary share (1999: £NIL) was paid or proposed during the period. The loss after taxation for the year of £489,317 (1999: profit £8,984) has been transferred to reserves

Director

S A Fox was the sole director of the company for the year ended 31 December 2000.

Director's interests in shares of the company

The director or his family held no interests in the shares of the company during the year. His interest in the shares of the ultimate parent company, Europress Holdings Limited is disclosed in that company's financial statements.

Director's responsibilities

The director is required by UK company law to prepare financial statements for each financial year that 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 period.

Blackhorse Distribution Limited

Report of the director (continued)

The director confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

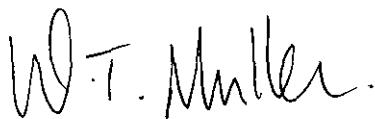
Changes in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Auditors

A resolution for the reappointment of HLB Kidsons as auditors will be proposed at the next annual general meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'W.T. Mullen', is written over the printed name.

W T Mullen
Company Secretary
26 October 2001

Auditors' report to the members of Blackhorse Distribution Limited

We have audited the financial statements on pages 4 to 12, which have been prepared on the basis of the accounting policies set out on pages 6 and 7.

Respective responsibilities of the director and auditors

The director is responsible for preparing the Annual Report, including as described on pages 1 and 2 the 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 audit 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 director 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 at 31 December 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons
Chartered Accountants and Registered Auditors
London
26 October 2001

Blackhorse Distribution Limited

Profit and loss account for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2	687,505	894,582
Cost of sales		(197,171)	(301,884)
Gross profit		490,334	592,698
Net operating expenses	3	(821,142)	(471,206)
Operating (loss)/profit		(330,808)	121,492
Interest received		14,847	9,052
Interest payable	4	(173,356)	(118,431)
(Loss)/profit on ordinary activities before taxation	5	(489,317)	12,113
Taxation	8	-	(3,129)
(Loss)/profit on ordinary activities after taxation		(489,317)	8,984
Dividends		-	-
(Loss)/profit for the year		(489,317)	8,984
Statement of reserves			
Accumulated loss at 1 January 2000		(167,676)	(176,660)
(Loss)/profit for the year		(489,317)	8,984
Accumulated loss at 31 December 2000		(656,993)	(167,676)

The above figures relate entirely to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

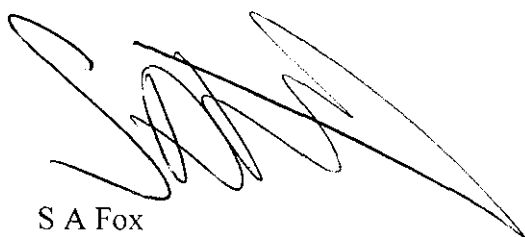
There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year as stated above, and their historical cost equivalents.

Blackhorse Distribution Limited

Balance sheet - 31 December 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	9		108,661		92,963
Current assets					
Debtors	10	2,822,710		2,047,078	
Creditors: amounts falling due within one year	11	(3,588,264)		(2,307,617)	
Net current liabilities			(765,554)		(260,539)
Net liabilities			(656,893)		(167,576)
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account			(656,993)		(167,676)
Equity shareholders' deficit	13		(656,893)		(167,576)

The director approved the financial statements on pages 4 to 12 on 26 October 2001.



S A Fox
Director

Blackhorse Distribution Limited

Notes to the financial statements for the year ended 31 December 2000

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuing financial support of the ultimate holding company. The ultimate holding company has indicated that it will provide the necessary support for a period of at least 12 months from the date on which these financial statements are signed and for the foreseeable future thereafter.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Fixtures, fittings and computer equipment	15-20
Motor vehicles	25

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the commission earned on magazines distributed (net of provisions for returns).

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Blackhorse Distribution Limited

Cash flow statement

The company is a wholly owned subsidiary of Europress Holdings Limited and its cash flows are included within the consolidated group cash flow statement. Consequently the company is exempt from the requirement to publish a cash flow statement.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Pension costs

The company, as part of a group, operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

2. Turnover

	2000 £	1999 £
Geographical analysis:		
United Kingdom	526,446	400,487
Overseas	161,059	494,095
	<hr/> 687,505	<hr/> 894,582

Turnover represents commission earned on gross sales of £5,769,210 (1999: £6,553,201).

3. Net operating expenses

Net operating expenses are made up as follows:

	2000 £	1999 £
Administrative expenses	626,680	626,356
Loss/(profit) on exchange	194,462	(155,150)
	<hr/> 821,142	<hr/> 471,206

4. Interest Payable

	2000 £	1999 £
Bank interest payable	173,356	118,431

Blackhorse Distribution Limited

5. (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2000 £	1999 £
Rent payable	87,080	87,080
Depreciation of tangible fixed assets	17,460	26,753
Management charge from holding company	41,406	55,835
Auditors' remuneration	7,833	6,583
Loss/(profit) on exchange	194,462	(155,150)

6. Director's emoluments

The director received no emoluments from the company (1999: £NIL).

7. Employee information

The average weekly number of persons employed by the company, including the executive director, during the year are analysed below:

	2000 Number	1999 Number
Processing	14	15
Administration	1	1
Sales	8	10
	—	—
	23	26
	—	—

Employment costs - all employees

	2000 £	1999 £
Wages and salaries	222,131	224,956
Social Security costs	15,453	16,298
Other pension costs	4,315	7,827
Total direct costs of employment	241,899	249,081

Blackhorse Distribution Limited

8. Taxation

	2000	1999
	£	£
United Kingdom corporation tax at 20% (1999 – 20.25%)		
Current	-	3,129

9. Tangible fixed assets

	Motor Vehicles	Fixtures, fittings And computer equipment	Total
	£	£	£
Cost			
At 1 January 2000	71,680	111,868	183,548
Additions	9,840	49,047	58,887
Disposals	(39,580)	-	(39,580)
At 31 December 2000	41,940	160,915	202,855
Depreciation			
At 1 January 2000	22,378	68,207	90,585
Charge for the year	6,508	10,952	17,460
Disposals	(13,851)	-	(13,851)
At 31 December 2000	15,035	79,159	94,194
Net book value			
At 31 December 2000	26,905	81,756	108,661
Net book value			
At 31 December 1999	49,302	43,661	92,963

Blackhorse Distribution Limited

10. Debtors

	2000 £	1999 £
Amounts falling due within one year		
Trade debtors	686,141	819,535
Amounts due from ultimate holding company	657,782	273,258
Amounts due from fellow subsidiary undertakings	1,435,614	917,685
Other debtors	-	1,187
Prepayments and accrued income	36,875	32,242
Corporation tax	6,298	3,171
	<hr/> 2,822,710	<hr/> 2,047,078

Trade debtors are shown net of provisions for returns.

11. Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft (secured)	3,322,133	2,029,319
Trade creditors	55,961	31,055
Amounts owed to fellow subsidiary undertakings	191,501	222,045
Accruals	18,669	25,198
	<hr/> 3,588,264	<hr/> 2,307,617

The company is party, with other group companies, to an unlimited multilateral guarantee in favour of the group's bankers.

12. Share capital

	Ordinary shares of £1 each	
	2000	1999
Authorised - value	£ 100	£ 100
	—	—
- number	100	100
	—	—
Allotted, called up and fully paid		
- value	£ 100	£ 100
	—	—
- number	100	100
	—	—

Blackhorse Distribution Limited

13. Reconciliation of shareholders' funds

	2000 £	1999 £
Opening shareholders' funds	(167,576)	(176,560)
(Loss)/profit for the financial year	(489,317)	8,984
	<hr/>	<hr/>
Closing shareholders' funds	(656,893)	(167,576)
	<hr/>	<hr/>

14. Related party transactions

The company purchased services from Woodford Litho Limited, a related party. The value of purchases during the year was £1,029 (1999: £29,890) and the balance outstanding at the year-end was £16,607 (1999: £12,890). The directors consider the transactions to be at arms length.

The company also trades with other group companies. The company, being a 100% owned subsidiary, has taken advantage of the exemption within FRS8 from disclosure of transactions with group undertakings.

15. Contingent liabilities

The company is party, with other group companies, to an unlimited multilateral guarantee in favour of the group's bankers. The group had no net borrowings at 31 December 2000.

The company is a member of a Group VAT Registration with its parent company and certain fellow subsidiaries. At 31 December 2000 the maximum potential liability of the company under the terms of this registration was £83,275. The director does not anticipate any loss arising from this contingent liability.

16. Pension Arrangements

The company operates a defined contribution scheme managed by Norwich Union. The pension costs for the year borne by the company amounted to £4,315 (1999: £7,827) representing contributions payable to the scheme for the year. Pension contributions unpaid at the year end amounted to £8,285 (1999: £7,827).

Blackhorse Distribution Limited

17. Ultimate parent company and ultimate controlling party

The director regards Europress Holdings Limited, a company registered in England and Wales, as the ultimate parent company. Europress Holdings Limited had a 100% interest in the equity of the company at 31 December 2000. Its registered address is Freebournes Road, Witham, Essex CM8 3UH.

In the opinion of the director, the ultimate controlling party is Mr S A Fox by virtue of his holding in the parent company.