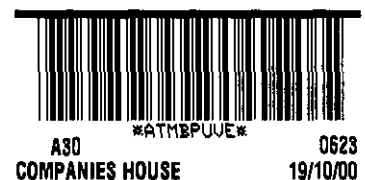


# **Blackhorse Distribution Limited**

## **Annual report for the year ended 31 December 1999**

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



# **Blackhorse Distribution Limited**

## **Report of the director for the year ended 31 December 1999**

The director presents his report and the audited financial statements for the year ended 31 December 1999.

### **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 satisfactory given difficult trading conditions. Although conditions remain difficult the company maintained a similar performance in 1999.

### **Dividends**

No dividend per ordinary share (1998: £NIL) was paid or proposed during the period. The profit after taxation for the year of £8,984 (1998: loss £182,159) has been transferred to reserves

### **Director**

S A Fox was the sole director of the company for the year ended 31 December 1999.

### **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 1999. 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.

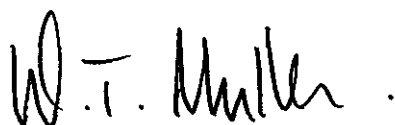
### **Changes in fixed assets**

The movements in fixed assets during the year are set out in note 10 to the financial statements.

### **Auditors**

HLB Kidsons were appointed in December 1999 and a resolution proposing their reappointment will be considered at the next annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'W. T. Mullen', followed by a period.

**W T Mullen**

**Company Secretary**

17 October 2000

## **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 1999 and of the profit 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  
17 October 2000

# Blackhorse Distribution Limited

## Profit and loss account for the year ended 31 December 1999

	Notes	1999 £	1998 £
<b>Turnover</b>	2	<b>894,582</b>	678,392
Cost of sales		<b>(301,884)</b>	(269,990)
<b>Gross profit</b>		<b>592,698</b>	408,402
Net operating expenses	3	<b>(471,206)</b>	(523,144)
<b>Operating profit/(loss)</b>		<b>121,492</b>	(114,742)
Interest received		<b>9,052</b>	33,086
Interest payable	4	<b>(118,431)</b>	(100,692)
<b>Profit/(Loss) on ordinary activities before taxation</b>	5	<b>12,113</b>	(182,348)
Taxation	8	<b>(3,129)</b>	189
<b>Profit/(Loss) on ordinary activities after taxation</b>		<b>8,984</b>	(182,159)
Dividends	9	-	-
<b>Profit/(Loss) for the year</b>		<b>8,984</b>	(182,159)
<b>Statement of reserves</b>			
Accumulated (loss)/retained profit at 1 January 1999		<b>(176,660)</b>	5,499
Profit for the year		<b>8,984</b>	(182,159)
<b>Accumulated (loss)/retained profit at 31 December 1999</b>		<b>(167,676)</b>	(176,660)

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 profit on ordinary activities before taxation and the retained loss for the year as stated above, and their historical cost equivalents.

# Blackhorse Distribution Limited

## Balance sheet - 31 December 1999

	Notes	£	1999 £	£	1998 £
<b>Fixed assets</b>					
Tangible assets	10		92,963		97,203
<b>Current assets</b>					
Debtors	11	2,047,078		1,412,550	
<b>Creditors: amounts falling due within one year</b>	12	(2,307,617)		(1,686,313)	
<b>Net current liabilities</b>			(260,539)		(273,763)
<b>Net liabilities</b>			(167,576)		(176,560)
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Profit and loss account			(167,676)		(176,660)
<b>Equity shareholders' funds/(deficit)</b>	14		(167,576)		(176,560)

The director approved the financial statements on pages 4 to 12 on 17 October 2000.



S A Fox  
Director

# Blackhorse Distribution Limited

## Notes to the financial statements for the year ended 31 December 1999

### 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.

#### 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.

#### 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.

# Blackhorse Distribution Limited

## 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

	1999 £	1998 £
Geographical analysis:		
United Kingdom	400,487	341,950
Overseas	494,095	336,442
	<hr/> 894,582	<hr/> 678,392

Turnover represents commission earned on gross sales of £6,553,201 (1998: £6,227,487).

## 3. Net operating expenses

Net operating expenses are made up as follows:

	1999 £	1998 £
Administrative expenses	626,356	368,067
Loss on exchange	(155,150)	155,077
	<hr/> 471,206	<hr/> 523,144

## 4. Interest Payable

	1999 £	1998 £
Bank interest payable	118,431	100,692
	<hr/>	<hr/>

# Blackhorse Distribution Limited

## 5. Profit/(loss) on ordinary activities before taxation

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

	1999 £	1998 £
Rent payable	87,080	53,270
Depreciation of tangible fixed assets	26,753	11,452
Loss on disposal of fixed asset	-	1,616
Management charge from holding company	55,835	43,970
Auditors' remuneration	6,583	3,432
(Profit)/Loss on exchange	(155,150)	155,077

## 6. Director's emoluments

The director received no emoluments from the company (1998: £NIL).

## 7. Employee information

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

	1999 Number	1998 Number
Processing	15	7
Administration	1	1
Sales	10	8
	—	—
	26	16
	—	—

### Employment costs - all employees

	1999 £	1998 £
Wages and salaries	224,956	88,799
Social Security costs	16,298	7,945
Other pension costs	7,827	919
<b>Total direct costs of employment</b>	<b>249,081</b>	<b>97,663</b>

# Blackhorse Distribution Limited

## 8. Taxation

	1999 £	1998 £
United Kingdom corporation tax at 20.25% (1998 – 21%)		
Current	3,129	-
(Over)/Under provision in respect of earlier years	-	(189)
	<u>3,129</u>	<u>(189)</u>

## 9. Dividends

	1999 £	1998 £
Amount paid to holding company:		
£NIL per share (1998: £NIL per share)	-	-
	<u>-</u>	<u>-</u>

## 10. Tangible fixed assets

	Motor Vehicles £	Fixtures, fittings And computer equipment £	Total £
<b>Cost</b>			
At 1 January 1999	71,680	89,355	161,035
Additions	-	22,513	22,513
	<u>71,680</u>	<u>111,868</u>	<u>183,548</u>
<b>At 31 December 1999</b>	<b>71,680</b>	<b>111,868</b>	<b>183,548</b>
<b>Depreciation</b>			
At 1 January 1999	5,944	57,888	63,832
Charge for the year	16,434	10,319	26,753
	<u>22,378</u>	<u>68,207</u>	<u>90,585</u>
<b>At 31 December 1999</b>	<b>22,378</b>	<b>68,207</b>	<b>90,585</b>
<b>Net book value</b>			
At 31 December 1999	49,302	43,661	92,963
	<u>49,302</u>	<u>43,661</u>	<u>92,963</u>
Net book value			
At 31 December 1998	65,736	31,467	97,203
	<u>65,736</u>	<u>31,467</u>	<u>97,203</u>

# Blackhorse Distribution Limited

## 11. Debtors

	1999 £	1998 £
<b>Amounts falling due within one year</b>		
Trade debtors	819,535	67,227
Amounts due from ultimate holding company	273,258	307,050
Amounts due from fellow subsidiary undertakings	917,685	1,036,700
Other debtors	1,187	-
Prepayments and accrued income	32,242	1,388
Corporation tax	3,171	185
	<hr/>	<hr/>
	2,047,078	1,412,550
	<hr/>	<hr/>

Trade debtors are shown net of provisions for returns.

## 12. Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdraft (secured)	2,029,319	1,414,876
Trade creditors	31,055	55,387
Amounts owed to fellow subsidiary undertakings	222,045	183,649
Accruals	25,198	32,401
	<hr/>	<hr/>
	2,307,617	1,686,313
	<hr/>	<hr/>

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

## 13. Share capital

	Ordinary shares of £1 each	
	1999	1998
Authorised - value	£ 100	£ 100
	<hr/>	<hr/>
- number	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid		
- value	£ 100	£ 100
	<hr/>	<hr/>
- number	100	100
	<hr/>	<hr/>

# Blackhorse Distribution Limited

## 14. Reconciliation of shareholders' funds

	1999 £	1998 £
Opening shareholders' funds	(176,560)	5,599
Profit/(Loss) for the financial year	8,984	(182,159)
	<hr/>	<hr/>
Closing shareholders' funds	(167,576)	(176,560)
	<hr/>	<hr/>

## 15. Related party transactions

The company purchased services from Woodford Litho Limited, a related party. The value of purchases during the year was £29,890 (1998: £24,321) and the balance outstanding at the year-end was £11,444 (1998: £9,577). 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.

## 16. 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 1999.

The company is a member of a Group VAT Registration with its parent company and certain fellow subsidiaries. At 31 December 1999 the maximum potential liability of the company under the terms of this registration was £60,639. The director does not anticipate any loss arising from this contingent liability.

## 17. 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 £7,827 (1998: £919) representing contributions payable to the scheme for the year. Pension contributions unpaid at the year end amounted to £7,827 (1998: £Nil).

## **Blackhorse Distribution Limited**

### **18. 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 1999. 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.