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MARK ALLEN HOLDINGS LIMITED

REPORT AND ACCOUNTS

31 MARCH 1989
COMPANIES HOUSE COPY



Hacker Young
Chartered Accountants
St. Alphage House 2 Fore Street
London EC2Y 5DH

COMPANIES HOUSE
10 MAR 1990
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AUDITORS' REPORT TO THE MEMBERS OF
MARK ALLEN HOLDINGS LIMITED

We have audited the accounts on pages 2 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1989 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to note 1 which refers to the dependence on income received in advance of the provision of the related services as a source of finance.

12 January 1990

Hacker Young
Chartered Accountants

DIRECTORS' REPORT

The directors present their report on the affairs of the group together with the audited accounts for the year ended 31 March 1989.

PRINCIPAL ACTIVITIES

The main activities of the group are the publication of medical journals and organisation of medical conferences.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

The results for the year were disappointing and the financial position at the year end was dependent upon the receipt of subscriptions and other income in advance. However, the directors expect that the present level of activity will be sustained for the foreseeable future as the group returns to profitable trading.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 2.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and their interests in the share capital of the company were as follows:

	Number of ordinary shares of £1 each	
	<u>At beginning of year</u>	<u>At end of year</u>
M. Allen	76	76
S. Allen	18	18

FIXED ASSETS

Details of changes in tangible fixed assets are shown in the notes to the accounts.

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Hacker Young as auditors until the conclusion of the next annual general meeting.

Registered Office:

Croxted Mews
288 Croxted Road
London, SE24 9DA.

12 January 1990

By order of the board

S. Allen

Secretary

Susan Allen

MARK ALLEN HOLDINGS LIMITED

2,

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1989

	<u>Notes</u>		7 April 1987 to 31 March 1988 £
TURNOVER	2	1,575,338	1,649,579
Cost of sales		980,163	1,041,126
		<hr/>	<hr/>
GROSS PROFIT	2	595,175	608,453
Operating expenses	3	801,487	532,605
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT		(206,312)	75,848
Interest receivable		403	787
Interest payable	4	(9,387)	(10,011)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	5	(215,296)	66,624
Tax on profit on ordinary activities	7	24,951	(22,800)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(190,345)	43,824
Extraordinary item	8	(100,000)	-
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE YEAR AFTER TAXATION AND EXTRAORDINARY ITEM	17	£ (290,345) =====	£ 43,824 =====

The accompanying notes are an integral part of these accounts.

MARK ALLEN HOLDINGS LIMITED

3.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 1989

	<u>Notes</u>	£	£	£	<u>1988</u> £
FIXED ASSETS					
Intangible assets	9		41,401		141,000
Tangible assets	10		57,230		42,012
			98,631		183,012
CURRENT ASSETS					
Stocks	12	17,936		15,229	
Debtors	13	586,227		304,107	
Cash at bank and in hand		49,696		57,306	
		653,859		376,642	
CREDITORS: Amounts falling due within one year					
	14	1,013,078		520,108	
Net current liabilities					
			(359,219)		(143,466)
Total assets less current liabilities					
			(260,588)		39,546
CREDITORS: Amounts falling due after more than one year					
	15		76,533		86,322
DEFICIENCY OF ASSETS					
			£ (337,121)		£ (46,776)
CAPITAL AND RESERVES					
Called up share capital	16		100		100
Profit and loss account	17		(337,221)		(46,876)
			£ (337,121)		£ (46,776)

Approved by:

M. ALLEN

) DIRECTORS

S. ALLEN

Mark Allen
Susan Allen

12 January 1990

The accompanying notes are an integral part of these accounts.

MARK ALLEN HOLDINGS LIMITED

4.

COMPANY BALANCE SHEET AS AT 31 MARCH 1989

	<u>Notes</u>	£	£	£	<u>1988</u> £
FIXED ASSETS					
Investments	11		200		200
			<hr/>		<hr/>
			200		200
CURRENT ASSETS					
Debtors	13	100		100	
		<hr/>		<hr/>	
		100		100	
CREDITORS: Amounts falling due within one year	14	330		200	
		<hr/>		<hr/>	
NET CURRENT LIABILITIES			(230)		(100)
TOTAL NET (LIABILITIES)/ ASSETS			<hr/>	<hr/>	<hr/>
		£	(30)	£	100
		=====		=====	
CAPITAL AND RESERVES					
Called up share capital	16		100		100
Profit and loss account	17		(130)		-
			<hr/>		<hr/>
		£	(30)	£	100
		=====		=====	

Approved by:

M. ALLEN)
S. ALLEN) DIRECTORS

Mark Allen
Susan Allen

12 January 1990

The accompanying notes are an integral part of these accounts.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 MARCH 1989

	£	£	1988	£
SOURCE OF FUNDS				
(Loss)/profit on ordinary activities before taxation		(215,296)		66,624
Adjustments for items not involving the movement of funds:				
Depreciation	21,015		17,006	
Amortisation	4,600		-	
(Loss)/profit on sale of fixed assets	202		(80)	
		<u>25,817</u>		<u>16,926</u>
TOTAL (ABSORBED)/GENERATED BY OPERATIONS		(189,479)		83,550
FUNDS FROM OTHER SOURCES				
Proceeds of share issue	-		100	
Deferred consideration	-		50,000	
Loan from director	11,850		20,598	
Obligations under hire purchase contracts	3,361		15,724	
Proceeds from sale of fixed assets	3,950		6,045	
Tax balances of subsidiaries acquired	-		7,900	
		<u>19,161</u>		<u>100,367</u>
		(170,318)		183,917
APPLICATIONS OF FUNDS				
Purchase of fixed assets	40,385		64,983	
Purchase of publishing rights and titles	5,001		141,000	
Goodwill arising on acquisition of subsidiaries	-		90,700	
Tax paid	21,864		5,783	
Deferred consideration	25,000		-	
		<u>(92,250)</u>		<u>302,466</u>
		£ (262,568)		£ (118,549)
		=====		=====

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1989

(CONTINUED)

	£	£	£, <u>1988</u>	£
INCREASE/(DECREASE) IN WORKING CAPITAL:				
Stocks		2,707		15,229
Debtors		257,569		304,107
Creditors		(525,459)		(484,966)
		<hr/>		<hr/>
		(265,183)		(165,630)
Movement in net liquid funds:				
Cash at bank and in hand	(7,610)		57,306	
Bank overdraft	10,225		(10,225)	
	<hr/>	2,615	<hr/>	47,081
		<hr/>		<hr/>
		£ (262,568)		£ (118,549)
		=====		=====

The accompanying notes are an integral part of these accounts.

NOTES TO THE ACCOUNTS - 31 MARCH 1989

1. PRINCIPAL ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention.

The accounts have been prepared on a going concern basis as the group has returned to profitable trading since the year end and continues to generate adequate financial resources from the receipt of income in advance of the provision of the related services.

b) BASIS OF CONSOLIDATION

The consolidated accounts incorporate the accounts of the company and its subsidiaries for the year ended 31 March 1989. Results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of acquisition. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

c) FIXED ASSETS

Fixed assets are shown at cost. Depreciation is calculated to write off the cost of fixed assets over their expected useful lives at the following rates:

Office machinery and equipment	- 20% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 25% straight line

d) STOCKS

Stocks are valued at the lower of cost and net realisable value.

e) LEASING AND HIRE PURCHASE COMMITMENTS

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the agreements is charged to the profit and loss account over the period of the contracts and represents a constant proportion of the balance of capital repayments outstanding.

f) SUBSCRIPTIONS INCOME

Subscriptions income is accounted for on an accruals basis and is allocated to the periods to which it relates.

g) GOODWILL

Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of net assets acquired is written off against revenue reserves.

NOTES TO THE ACCOUNTS - 31 MARCH 1989

(CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

h) INTANGIBLE FIXED ASSETS

Acquired publishing rights and titles are amortised on a straight line basis over a period of ten years.

i) TURNOVER

Turnover represents the invoiced value of goods sold and services provided by the group to third parties, exclusive of value added tax.

2. SEGMENT INFORMATION

Analysis of group turnover and gross profit by activity:

	1989 £	7 April 1987 to 31 March 1988 £
Turnover:		
Publishing	1,384,972	1,205,369
Conferences	190,366	444,210
	<u>£1,575,338</u>	<u>£1,649,579</u>
	=====	=====
Gross profit:		
Publishing	543,294	469,752
Conferences	51,881	138,701
	<u>£ 595,175</u>	<u>£ 608,453</u>
	=====	=====
3. OPERATING EXPENSES	£	£
Distribution costs	347,203	234,742
Administrative expenses	454,284	297,863
	<u>£ 801,487</u>	<u>£ 532,605</u>
	=====	=====
4. INTEREST PAYABLE		
Interest payable on sums wholly repayable within five years	£ 9,387	£ 10,011
	=====	=====

NOTES TO THE ACCOUNTS - 31 MARCH 1989

(CONTINUED)

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
is stated after charging:

	<u>1989</u>	<u>7 April 1987 to</u>
	<u>£</u>	<u>31 March 1988</u>
	<u>£</u>	<u>£</u>
Depreciation	25,615	17,006
Amortisation	4,600	-
Auditors' remuneration	5,050	6,250
	=====	=====

The company has taken advantage of the legal dispensation granted in S228(7) of the Companies Act 1985 allowing it not to present its own profit and loss account.

6. STAFF COSTS

a) Employee costs during the year amounted to:

	<u>1989</u>	<u>7 April 1987 to</u>
	<u>£</u>	<u>31 March 1988</u>
	<u>£</u>	<u>£</u>
Wages and salaries	276,763	190,450
Social security costs	28,888	17,134
Pensions	90,000	50,000
	£ 395,651	£ 257,584
	=====	=====

b) The average weekly number of persons employed
(including executive directors) by the group
during the year was as follows:

	<u>Number</u>	<u>Number</u>
Distribution & sales	9	6
Administration	15	10
	24	16
	=====	=====

c) Directors' remuneration

The employee costs shown above include the following remuneration in respect of the directors of the company:

Emoluments for management services	£ 153,000	£ 84,999
	=====	=====

NOTES TO THE ACCOUNTS - 31 MARCH 1989

(CONTINUED)

6. STAFF COSTS (Continued)

The directors' remuneration shown above (excluding pensions and pension contributions) represents:

	<u>1989</u> £	<u>7 April 1987 to</u> <u>31 March 1988</u> £
Chairman & highest paid director	£ 51,000 =====	£ 34,999 =====

Other directors received emoluments within the following ranges:

	<u>Number</u>	<u>Number</u>
£10,001 - £15,000	1	2

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The (credit)/charge for the period comprises:

	<u>1989</u> £	<u>7 April 1987 to</u> <u>31 March 1988</u> £
UK corporation tax on profit on ordinary activities at current rates	(12,640)	22,800
Over provision in prior years	(12,311)	-
	<u>£ (24,951)</u> =====	<u>£ 22,800</u> =====

8. EXTRAORDINARY ITEM

	<u>1989</u>	<u>7 April 1987 to</u> <u>31 March 1988</u>
Provision for permanent diminution in value of publishing rights and title	£ 100,000 =====	£ - =====

9. INTANGIBLE FIXED ASSETS

Publishing rights and titles

	The Group £
At 31 March 1988	141,000
Additions	5,001
Amortisation	(4,600)
Permanent diminution in value (see note 8)	(100,000)
At 31 March 1989	<u>£ 41,401</u> =====

NOTES TO THE ACCOUNTS - 31 MARCH 1989

(CONTINUED)

10. TANGIBLE FIXED ASSETS

The Group	<u>Office machinery & equipment</u>	<u>Fixtures & fittings</u>	<u>Leased Motor vehicles</u>	<u>Total</u>
	£	£	£	£
Cost				
At 31 March 1988	15,644	924	53,686	70,254
Additions	1,465	11,241	27,679	40,385
Disposals	(3,149)	(434)	(4,995)	(8,578)
At 31 March 1989	13,960	11,731	76,370	102,061
Depreciation				
At 31 March 1988	7,197	278	20,767	28,242
Charge for the year	2,830	1,651	16,534	21,015
Disposals	(1,294)	(194)	(2,938)	(4,426)
At 31 March 1989	8,733	1,735	34,363	44,831
Net book value				
At 31 March 1989	£ 5,227	£ 9,996	£ 42,007	£ 57,230
	=====	=====	=====	=====
Net book value				
At 31 March 1988	£ 8,447	£ 646	£ 32,919	£ 42,012
	=====	=====	=====	=====

The net book value of assets held under finance leases at 31 March 1989 was £38,685 (1988 - £36,499).

11. INVESTMENTS

	<u>The Group 1989</u>	<u>The Company 1989</u>	<u>The Group 1988</u>	<u>The Company 1988</u>
<u>Unlisted</u>				
Subsidiaries at cost	£ -	£ 200	£ -	£ 200
	=====	=====	=====	=====

The company (and/or a subsidiary) own 100% of each class of issued shares of the subsidiaries shown below. All of them were incorporated in England and operate mainly in the United Kingdom.

SubsidiaryPrincipal activity

Mark Allen Publishing Limited
Mark Allen Scientific Publishing
Limited

Publication of Medical Journals
Publication of Scientific Magazines

Mark Allen International Conferences
Limited

Organisation and Promotion of
Conferences

NOTES TO THE ACCOUNTS - 31 MARCH 1989

(CONTINUED)

12. STOCKS

	The Group 1989	The Company 1989	The Group 1988	The Company 1988
Paper stocks	£ 17,936	£ Nil	£ 15,229	£ Nil
	=====	=====	=====	=====

13. DEBTORS

	The Group 1989 £	The Company 1989 £	The Group 1988 £	The Company 1988 £
Trade debtors	370,071	-	276,306	-
Other debtors and prepayments	216,055	-	27,701	-
Called up share capital not paid	100	100	100	100
	£ 586,227	£ 100	£ 304,107	£ 100
	=====	=====	=====	=====

14. CREDITORS: Amounts falling due within one year

	The Group 1989 £	The Company 1989 £	The Group 1988 £	The Company 1988 £
Bank overdraft (note (a))	-	-	10,225	-
Trade creditors	295,721	-	186,346	-
Corporation tax	2,653	-	24,917	-
Social security and PAYE	56,155	-	44,153	-
Other creditors	25,250	2	35,002	2
Obligations under finance leases and hire purchase contracts	15,800	-	13,336	-
Accruals and deferred income (note (b))	617,499	-	206,129	-
Amounts owed to subsidiaries	-	328	-	198
	£1,013,078	£ 330	£ 520,108	£ 200
	=====	=====	=====	=====

- a) The bank overdraft is secured by a fixed charge on book debts and a floating charge over all the assets of the companies concerned.
- b) Accruals and deferred income includes £584,564 (1988 - £165,923) in respect of income received in advance.

NOTES TO THE ACCOUNTS - 31 MARCH 1989

(CONTINUED)

15. CREDITORS: Amounts falling due after more than one year

	The Group 1989 £	The Company 1989 £	The Group 1988 £	The Company 1988 £
Directors' loan	32,448	-	20,598	-
Obligations under finance leases and hire purchase contracts	19,085	-	15,724	-
Deferred consideration	25,000	-	50,000	-
	<u>£ 76,533</u>	<u>£ -</u>	<u>£ 86,322</u>	<u>£ -</u>
	=====	=====	=====	=====

16. CALLED UP SHARE CAPITAL

	1989	1988
Authorised:		
1,000 Ordinary shares of £1 each	£ 1,000	£ 1,000
	=====	=====
Allotted and issued:		
100 Ordinary shares of £1 each	£ 100	£ 100
	=====	=====
Paid up:		
100 Ordinary shares of £1 each	£ -	£ -
	=====	=====

17. PROFIT AND LOSS ACCOUNT

	The Group 1989 £	The Company 1989 £	The Group 1988 £	The Company 1988 £
Balance brought forward	(46,876)	-	-	-
Retained (loss)/profit for the year	(290,345)	(130)	43,824	-
Goodwill arising on consolidation written off	-	-	(90,700)	-
	<u>£ (337,221)</u>	<u>£ (130)</u>	<u>£ (46,876)</u>	<u>£ -</u>
	=====	=====	=====	=====

18. FINANCIAL COMMITMENTS

a) Capital commitments

The group had no capital commitments at 31 March 1989 (1988 - Nil)

b) Contingent liabilities

1. The company has given an unlimited guarantee to secure the overdrafts of its subsidiaries.
2. The subsidiaries have given an unlimited guarantee to secure their own overdrafts and the overdrafts of fellow subsidiaries.