

MARK ALLEN HOLDINGS LIMITED
FINANCIAL STATEMENTS
31 MARCH 1999

Company Registration Number 2120366

HEXTALL MEAKIN
Chartered Accountants & Registered Auditors
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ



MARK ALLEN HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

CONTENTS	PAGE
The directors' report	1
Auditor's report to the shareholders	3
Consolidated profit and loss account	4
Group balance sheet	5
Company balance sheet	6
Cash flow statement	7
Notes to the financial statements	8

MARK ALLEN HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 1999

The directors present their annual report and audited financial statements of the company and the group for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The group is engaged in the publication of medical, leisure and trade journals, the organisation of medical conferences and the provision of tour operator services.

The group has experienced a satisfactory trading performance during the year in its operations and the directors are confident that all aspects of the business will continue to improve in the forthcoming year.

Sufficient finance is available to take advantage of future business opportunities, and the directors consider the state of affairs to be satisfactory at the year end.

RESULTS AND DIVIDENDS

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The directors do not recommend the payment of a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors in office in the year and their beneficial interests in the company's issued ordinary share capital were as follows:-

	<u>31 March 1999</u>	<u>1 April 1998</u>
M Allen	24,600	24,600
S Allen	5,400	5,400

FIXED ASSETS

Changes in fixed assets are given in notes 8, 9 and 10 to the financial statements

In the opinion of the directors the value of the freehold property is not materially different from the book value included in these accounts.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

MARK ALLEN HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 1999

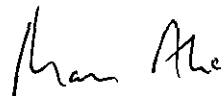
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Hextall Meakin, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the directors



M ALLEN
Director

Approved by the directors on...26/8/.....1999.

Hextall Meakin

Chartered Accountants

Argon House, Argon Mews, Fulham Broadway, London SW6 1BJ
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E-mail: admin@hextallmeakin.co.uk

MARK ALLEN HOLDINGS LIMITED

AUDITOR' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 1999

We have audited the financial statements on pages 4 to 20 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the accounts.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 2, 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 financial 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 and the group'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 accounts 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 accounts.

OPINION

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

Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ


HEXTALL MEAKIN
CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

Dated.....27 August.....1999.

A.W. Crawford ACA T.C. Hextall FCA G.R. Meakin FCA D.G. Windows FCA ATII

Taxation Specialist: D.F. Airey FCA FTII

Also at: Beckett House, Bridge Street, Salisbury SP1 2LX. Telephone: 01722 414445 Fax: 01722 414196
Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales.

MARK ALLEN HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999

	<u>Notes</u>	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £
Turnover	1 & 2			
Continuing operations		4,956,788		4,700,129
Acquisitions		<u>192,606</u>		<u></u>
			5,149,394	4,700,129
Cost of sales			<u>(3,807,538)</u>	<u>(3,525,220)</u>
Gross Profit			1,341,856	1,174,909
Net operating expenses			(1,172,348)	(979,216)
Operating profit	3			
Continuing operations		168,629		195,693
Acquisitions		<u>879</u>		<u>-</u>
Profit on ordinary activities before interest			169,508	195,693
Interest receivable and similar income			19,403	10,166
Interest payable and similar charges	4		<u>(15,716)</u>	<u>(26,850)</u>
Profit/(loss) on ordinary activities before taxation			173,195	179,009
Taxation	7		<u>-</u>	<u>(6,000)</u>
Profit/(loss) on ordinary activities after taxation			173,195	173,009
Retained (loss)/profit brought forward			<u>151,765</u>	<u>(21,244)</u>
Retained profit/(loss) carried forward			<u>£ 324,960</u>	<u>£ 151,765</u>

All of the groups activities are classified as continuing

There were no recognised gains or losses other than the profit for the above years

The notes on pages 9 to 20 form part of these financial statements

MARK ALLEN HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 1999

	Notes	1999		1998	
		£	£	£	£
Fixed assets					
Intangible assets	8		349,193		219,601
Tangible assets	9		687,982		629,273
			1,037,175		848,874
Current assets					
Stocks	11	146,757		135,149	
Debtors	12	917,880		850,152	
Cash at bank and in hand		623,344		289,942	
		1,687,981		1,275,243	
Creditors: amounts falling due within one year	13	(2,337,085)		(1,784,088)	
Net current liabilities			(649,104)		(508,845)
Total assets less current liabilities			388,071		340,029
Creditors: amounts falling due after more than one year	14		(33,111)		(158,264)
			£ 354,960		£ 181,765
Capital and reserves					
Called up share capital	15		30,000		30,000
Profit and loss account			324,960		151,765
Shareholders' funds	16		£ 354,960		£ 181,765

Signed on behalf of the board of directors



M Allen
Director

Approved by the board on: 26/8/99

The notes on pages 9 to 20 form part of these financial statements

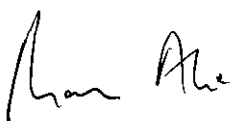
Mark Allen Holdings Limited

COMPANY BALANCE SHEET

AS AT 31 MARCH 1999

	Notes	1999	1998
		£	£
Fixed assets			
Investments	10	30,200	30,200
Current assets			
Debtors	12	100	100
Cash at bank and in hand		3	3
		103	103
Creditors: amounts falling due within one year	13	(1,964)	(1,964)
Net current (liabilities)		(1,861)	(1,861)
Total assets less current liabilities		£ 28,339	£ 28,339
Capital and reserves			
Called up share capital	15	30,000	30,000
Profit and loss account		(1,661)	(1,661)
Shareholders' funds	16	£ 28,339	£ 28,339

Signed on behalf of the board of directors



M Allen
Director

Approved by the board on: 26/2/99

The notes on pages 9 to 20 form part of these financial statements

MARK ALLEN HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
Cash flow from operating activities	17	534,624	22,769
Returns on investments and servicing of finance	18	3,687	(16,684)
Taxation	18	-	-
Capital expenditure	18	<u>(201,620)</u>	<u>217,474</u>
		336,691	223,559
Financing	18	<u>(123,126)</u>	<u>(43,528)</u>
Increase in cash	19,20	<u>£ 213,565</u>	<u>£ 180,031</u>

The notes on pages 9 to 20 form part of these financial statements

MARK ALLEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

Consolidation

The group financial statements include the accounts of the company and its subsidiaries made up to the year ended 31 March 1999.

No profit and loss account for Mark Allen Holdings Limited is presented as provided by section 230 of the Companies Act 1985. The company's loss for the year was £nil (1998 : £nil).

Turnover

Turnover represents net invoiced value of goods and services provided excluding VAT.

Tangible fixed assets

Depreciation is charged on tangible fixed assets so as to write off their full cost less estimated residual balance over their expected useful lives at the following annual rates:

Office equipment	20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost
Freehold properties	1% on cost

Intangible fixed assets

Purchased goodwill is capitalised on acquisition and amortised over 20 years

Purchased publishing rights and titles are capitalised at cost and amortised over 20 years.

Investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leases

Assets held under finance leases and hire purchase contracts are included in tangible fixed assets and depreciated using the appropriate rates. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are taken to the profit and loss account so that the annual rate of charge of the outstanding obligation at the end of each accounting period is approximately constant.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme for its senior executives. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme.

2. Turnover

Geographically

Turnover was wholly attributable to geographical markets inside the United Kingdom, (1998 : £Nil outside the United Kingdom) .

Class of business

	1999	1998
	£	£
Turnover		
Publishing	3,762,234	3,576,585
Conferences	691,317	637,441
Travel	695,843	486,103
	<u>£ 5,149,394</u>	<u>£ 4,700,129</u>
 Profit/(loss) before tax		
Publishing	137,482	109,936
Conferences	28,893	33,178
Travel	6,820	34,395
	<u>£ 173,195</u>	<u>£ 177,509</u>

3. Operating profit / (loss)

	1999	1998
	£	£
The operating profit / (loss) is stated after charging:		
Depreciation of tangible fixed assets:		
- owned	55,442	67,311
- held under finance leases and hire purchase contracts	47,284	35,415
Amortisation	19,800	-
Profit on disposal of fixed assets	(1,801)	(37,185)
Auditors' remuneration	10,000	8,500

The total figure for operating expenses for 1999 includes the following amounts relating to acquisitions: Cost of sales £141,667 and net operating expenses £68,341 (administrative expenses).

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

4. Interest payable	<u>1999</u>	<u>1998</u>
	£	£
Bank loans and overdrafts	9,261	2,830
Other loans	-	17,814
On finance leases and hire purchase contracts	6,455	6,206
	<u>£ 15,716</u>	<u>£ 26,850</u>

5. Staff costs

Staff costs including directors remuneration, were as follows:

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	1,183,922	1,096,284
Social security costs	119,026	107,813
Pension contributions	24,805	11,989
	<u>£ 1,327,753</u>	<u>£ 1,216,086</u>

The average number of persons employed by the group (including directors) was as follows:

	<u>1999</u>	<u>1998</u>
	No	No
Distribution and sales	37	21
Editorial	18	20
Administration	17	15
	<u>72</u>	<u>56</u>

6. Directors' remuneration

	<u>1999</u>	<u>1998</u>
	£	£
Emoluments	142,494	117,042
Contributions to money purchase schemes	15,689	6,339
	<u>£ 158,183</u>	<u>£ 123,381</u>

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

6. Directors' remuneration (continued)

The number of directors who are accruing benefits under company pension schemes were as follows:

	<u>1999</u>	<u>1998</u>
	No	No
Money purchase schemes	2	2

7. Taxation

	<u>1999</u>	<u>1998</u>
	£	£
UK Corporation tax at 21% (1998 : 21%)	£ -	£ 6,000

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

8. Intangible fixed assets

	Goodwill	Publishing rights and titles	Total
	£	£	£
At cost			
At 1 April 1998	-	219,601	219,601
Additions	152,892	-	152,892
Disposals	-	(6,500)	(6,500)
At 31 March 1999	£ 152,892	£ 213,101	£ 365,993
Amortisation			
Charge for the year	6,145	10,655	16,800
At 31 March 1999	£ 6,145	£ 10,655	£ 16,800
Net book value			
At 31 March 1999	£ 146,747	£ 202,446	£ 349,193
<i>At 31 March 1998</i>	<i>£ -</i>	<i>£ 219,601</i>	<i>£ 219,601</i>

In accordance with Financial Reporting Standard 10 'Goodwill and Intangible Assets' the publishing rights and titles have been stated at cost.

The directors estimate that the market value of the company's publishing rights and titles is in excess of £5m.

No account has been made in the financial statements for this valuation.

The goodwill represents the excess of the cost over the fair value of the assets acquired on the purchase by the group of all the shares of A & D Media Limited.

Goodwill will be amortised over 20 years in accordance with the accounting treatment set out in Financial Reporting Standard 10.

The directors consider that there has been no impairment to the goodwill.

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

9. Tangible fixed assets

	<u>Freehold</u>	<u>Office</u>	<u>Fixtures</u>	<u>Motor</u>	
	<u>Property</u>	<u>Machinery &</u>	<u>& fittings</u>	<u>Vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost					
At 1 April 1998	442,762	277,280	83,984	296,703	1,100,729
Additions	20,104	26,550	19,838	94,943	161,435
Disposals	-	-	-	(59,380)	(59,380)
At 31 March 1999	462,866	303,830	103,822	332,266	1,202,784
Depreciation					
At 1 April 1998	10,000	182,994	45,742	232,720	471,456
Charge for year	5,000	40,696	19,284	37,746	102,726
Disposal adjustment	-	-	-	(59,380)	(59,380)
At 31 March 1999	15,000	223,690	65,026	211,086	514,802
Net book value					
At 31 March 1999	£ 447,866	£ 80,140	£ 38,796	£ 121,180	£ 687,982
<i>At 31 March 1998</i>	<i>£ 432,762</i>	<i>£ 94,286</i>	<i>£ 38,242</i>	<i>£ 63,983</i>	<i>£ 629,273</i>

Assets held under finance leases and hire purchase contracts

Included within the net book value of £569,222 is £114,347 (1998 : £89,508) relating to assets held under finance leases and hire purchase contracts.

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

10. Investments

Company	Subsidiary
	Undertakings
	£
At 1 April 1998 and 31 March 1999	£ 30,200

Subsidiary undertaking - All 100% owned by the group

Name of Company	Nature of business
Mark Allen Publishing Limited	Publication of medical and leisure trade journals
Mark Allen Scientific Publishing Limited	Publication of scientific and medical journals
A & D Media Limited	Provision of advertising and publishing services
Mark Allen International Communications Limited	Organisation and promotion of conferences
Master Travel Limited	Tour operator

The entire issued share capital of A & D Media Limited was purchased on 22 May 1998 for £5.

11. Stocks	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Paper stock	37,301	61,507	-	-
Other stock	109,456	73,642	-	-
	£ 146,757	£ 135,149	£ -	£ -

12. Debtors	Group		Company	
	1999	1998	1998	1999
	£	£	£	£
Trade debtors	535,078	613,022	-	-
Unpaid share capital	100	100	100	100
Other debtors	31,691	134,899	-	-
Prepayments	351,011	100,631	-	-
	£ 917,880	£ 848,652	£ 100	£ 100

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

13. Creditors: amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Bank loans and overdrafts	134,015	20,278	-	-
Trade creditors	420,357	417,196	-	-
Amounts owed to group undertakings	-	-	1,964	1,964
Corporation tax	6,000	6,000	-	-
Other taxes and social security	94,166	96,914	-	-
Other creditors	34,566	25,166	-	-
Accruals	1,647,981	1,218,534	-	-
	<u>£ 2,337,085</u>	<u>£ 1,784,088</u>	<u>£ 1,964</u>	<u>£ 1,964</u>

14. Creditors: amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Bank loans	-	18,653	-	-
Other loans	-	115,000	-	-
Obligations under finance leases and hire purchase contracts	33,111	24,611	-	-
	<u>£ 33,111</u>	<u>£ 158,264</u>	<u>£ -</u>	<u>£ -</u>

MARK ALLEN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED 31 MARCH 1999

14. Creditors: amounts falling due after more than one year (continued)

Obligations under finance lease and hire purchase contracts

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Repayable within one year	34,566	25,166	-	-
Repayable between one and two years	29,594	14,714	-	-
Repayable between two and five years	3,517	9,897	-	-
	<u>£ 67,677</u>	<u>£ 49,777</u>	<u>£ -</u>	<u>£ -</u>

	<u>Group</u>		<u>Company</u>	
Analysis of the maturity of debt	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Amounts due within one year	134,015	20,278	-	-
Amounts due between two and five year	-	83,653	-	-
Amounts due after more than five years	-	65,000	-	-
	<u>£ 134,015</u>	<u>£ 168,931</u>	<u>£ -</u>	<u>£ -</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the group's assets and are repayable on demand. The finance leases and hire purchase contracts are secured on the assets concerned.

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

15. Share capital

	<u>Company</u>	
	<u>1999</u>	<u>1998</u>
	£	£
Authorised		
50,000 ordinary shares of £1 each	£ 50,000	£ 50,000
Allotted, issued and fully paid		
30,000 ordinary shares of £1 each	£ 30,000	£ 30,000

16. Reconciliation of movements in shareholders' funds

	<u>Group</u>		<u>Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Profit for the year	173,195	173,009	-	-
	173,195	173,009	-	-
Issue of 10,000 ordinary shares at par	-	10,000	-	10,000
Net addition in shareholders' funds	173,195	183,009	-	10,000
Opening shareholders' funds	181,765	(1,244)	28,339	18,339
Closing shareholders' funds	£ 354,960	£ 181,765	£ 28,339	£ 28,339

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

17. Reconciliation of operating profit/(loss) to net cash flow from operating activities

	1999	1998
	£	£
Operating profit	169,508	195,693
Depreciation of tangible fixed assets	102,597	95,784
Amortisation of intangible fixed assets	19,800	-
Profit on sale of fixed assets	(1,801)	(37,185)
(Increase) in stock	(11,608)	(35,784)
Decrease in debtors	2,576	44,321
Increase/(decrease) in creditors	253,552	(240,060)
Cash flow from operating activities	£ 534,624	£ 22,769

18. Gross cash flows

	1999	1998
	£	£
Returns on investments and servicing of finance		
Interest received	19,403	10,166
Interest paid	(9,261)	(20,644)
Interest element of finance lease rental payments	(6,455)	(6,206)
Net cash inflow/(outflow) for interest	3,687	(16,684)
Taxation		
UK corporation tax paid	-	-
Capital expenditure		
Payments to acquire intangible fixed assets	-	-
Payments to acquire tangible fixed assets	(160,789)	(51,564)
Payments to acquire subsidiary company	(5)	(10,000)
Net overdrafts acquired with subsidiary	(49,127)	-
Receipts from sale of investments	-	248,532
Receipts from the sale of intangible fixed assets	7,000	17,000
Receipts from sale of tangible fixed assets	1,301	13,506
Net cash inflow/(outflow) for capital expenditure	(201,620)	217,474
Financing		
Issue of share capital	-	10,000
Repayment of bank loan	(24,753)	(4,626)
Repayment of other loans	(115,000)	-
Capital element of finance leases and hire purchase agreements	16,627	(48,902)
Net cash outflow from financing	(123,126)	(43,528)

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

19. Analysis of changes in net debt	<i>Balance</i> <i>1 April 1998</i>	<i>Cash</i> <i>flows</i>	<i>Other</i> <i>changes</i>	<i>Balance</i> <i>31 March 1999</i>
Cash in hand and at bank	289,942	333,402	-	623,344
Bank overdraft	(14,178)	(119,837)	-	(134,015)
	<u>275,764</u>	<u>213,565</u>	<u>-</u>	<u>489,329</u>
Debt due within one year	(31,266)	(3,300)	-	(34,566)
Debt due after more than one year	(158,264)	125,153	-	(33,111)
	<u>£ 86,234</u>	<u>£ 335,418</u>	<u>£ -</u>	<u>£ 421,652</u>

20. Reconciliation of net cash flow to movement in net debt

	<i>1999</i> <i>£</i>	<i>1998</i> <i>£</i>
Increase in cash in the year	213,565	207,403
Net cash (inflow)/outflow in respect of finance leases	(17,900)	7,480
Cash paid in repaying bank loans	24,753	4,626
Cash paid in repaying other loans	115,000	-
	<u>335,418</u>	<u>219,509</u>
Change in net debt		
Net debt at 1 April 1998	86,234	(133,275)
	<u>£ 421,652</u>	<u>£ 86,234</u>

21. Purchase of subsidiary undertaking

	<i>£</i>
Net assets acquired	
Tangible fixed assets	744
Debtors	71,804
Creditors	(176,308)
Bank overdraft	(49,127)
	<u>(152,887)</u>
Goodwill	152,892
	<u>£ 5</u>
Satisfied by	
Cash	£ 5

MARK ALLEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 MARCH 1999

22. Commitments

- (a) The company has given an unlimited guarantee to secure the overdrafts of its subsidiaries.
- (b) The company has given a specific guarantee on behalf of Master Travel Limited to the Civil Aviation Authority in connection with the granting of an Air Travel Organisers License (ATOL).
- (c) The subsidiaries have given an unlimited guarantee to secure their own overdrafts and the overdrafts of other group undertakings.

23. Contingencies

The company's bankers have granted a bond dated 23 September 1997 to the Civil Aviation Authority for £67,340. This bond is secured on all the groups' assets.

24. Prior year adjustments

Publishing rights and titles have been included in the financial statements at cost. This represents a change in accounting policy as it was the group's policy to revalue the rights and titles annually.

The new accounting policy follows the treatment of intangible assets as set out in Financial Reporting Standard 10 'Goodwill and intangible fixed assets'.

Internally created value has been written off as a prior year adjustment.

The effect of this adjustment has been to reduce the value of intangible fixed assets as previously reported at 31 March 1998 by £4,271,419 and the revaluation reserve by the same amount.