

NEWSFAX INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1996

Company Number: 2124685



NEWSFAX INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of services for the faxing and printing of newspapers in the United Kingdom and overseas.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The level of trade achieved in 1996 has increased over 1995 with increased utilisation of production capacity, although pressure on margins continued. Capacity is being further increased in 1997.

RESULTS AND DIVIDENDS

The results of the company are set out in detail on page 4 and show a profit before tax of £164,409.

During the year and in respect of the year ended 31 December 1995, dividends of £6,840 were paid on the 9% Preference Shares, and dividends of £36,390 were paid on the 7% Preference Shares. In addition 31,750 of the 9% Preference Shares were redeemed and a dividend of £1,710 was paid in respect of those redeemed shares. The directors do not recommend payment of an ordinary dividend or a further dividend on the preference shares. However £21,710 has been provided for preference dividends for the year ended 31 December 1996 (1995: £25,130). The resulting net profit after taxation and dividends of £135,133 has been transferred to reserves.

DIRECTORS

The directors during the year, together with their interests in shares and debentures of the company, were as follows:

	Ordinary shares of £1 each	
	31 December 1996	31 December 1995
IT Edige	16,828	16,518
SP Hartlebury	16,827	16,517
TDG Johnson	16,828	16,518
RA Pearce Gould (Chairman)	6,421	6,421

In addition to the interests above, Cambridge Management Consultants Limited, a company controlled by RA Pearce Gould, owns 9,313 ordinary shares.

	9% Preference Shares of £1 each		7% Preference Shares of £1 each	
	31 December 1996	31 December 1995	31 December 1996	31 December 1995
IT Edige	3,250	6,500	-	-
SP Hartlebury	1,305	2,609	-	-
TDG Johnson	3,250	6,500	-	-
RA Pearce Gould	5,195	10,391	13,046	13,046

NEWSFAX INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

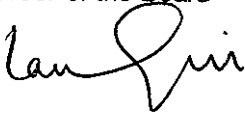
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

The auditors, Price Waterhouse, have indicated their willingness to be re-appointed and a resolution concerning their appointment will be proposed at the next general meeting.

By Order of the Board



Secretary

12th June 1997

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
NEWSFAX INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 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 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 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 as at 31 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
London

12 June 1997

NEWSFAX INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	2	7,599,497	6,403,873
Cost of sales		<u>(6,411,642)</u>	<u>(5,286,682)</u>
GROSS PROFIT		1,187,855	1,117,191
Administrative expenses		<u>(860,912)</u>	<u>(782,349)</u>
OPERATING PROFIT	3	326,943	334,842
Interest payable and similar charges	6	<u>(162,534)</u>	<u>(178,001)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		164,409	156,841
TAX ON ORDINARY ACTIVITIES	7	<u>(5,856)</u>	<u>(6,282)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		158,553	150,559
DIVIDENDS - Preference shares		<u>(23,420)</u>	<u>(25,130)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		135,133	125,429
RESERVES BROUGHT FORWARD		224,297	98,868
TRANSFER TO CAPITAL REDEMPTION RESERVE		<u>(31,750)</u>	<u>-</u>
RESERVES CARRIED FORWARD		<u>327,680</u>	<u>224,297</u>

The reported profit on ordinary activities and the retained profit are presented on an historical cost basis for both the current and prior year. There were no recognised gains or losses other than those shown in the profit and loss account above for both the current and prior year.

For both financial periods the trading results relate entirely to continuing activities.

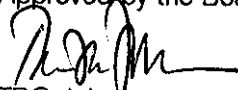
The notes on pages 7 to 16 form part of these financial statements.

NEWSFAX INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible Assets	8	2,710,783	2,486,041
CURRENT ASSETS			
Stocks	9	198,515	274,770
Debtors	10	1,006,449	1,116,404
Cash at bank and in hand		<u>46,622</u>	<u>47,852</u>
		1,251,586	1,439,026
CREDITORS (amounts falling due within one year)	11	<u>(1,954,487)</u>	<u>(2,134,523)</u>
NET CURRENT LIABILITIES		<u>(702,901)</u>	<u>(695,497)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,007,882	1,790,544
CREDITORS (amounts falling due after more than one year)	12	<u>(1,133,820)</u>	<u>(1,019,865)</u>
		<u>874,062</u>	<u>770,679</u>
CAPITAL AND RESERVES			
Called-up share capital	15	468,459	500,209
Capital redemption reserve	15	31,750	-
Share premium	16	46,173	46,173
Profit and loss account		<u>327,680</u>	<u>224,297</u>
Total shareholders' funds	17	<u>874,062</u>	<u>770,679</u>
Equity interests		568,527	433,394
Non-equity interests		<u>305,535</u>	<u>337,285</u>
		<u>874,062</u>	<u>770,679</u>

Approved by the Board on 12th June 1997


 TDG Johnson
 Director

The notes on pages 7 to 16 form part of these financial statements.

NEWSFAX INTERNATIONAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	<u>1996</u>		<u>1995</u>	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		672,610		561,156
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(20,228)		(19,867)	
Interest element of finance lease rental payments		(142,306)		(158,134)	
Dividends paid		<u>(54,874)</u>		<u>(25,873)</u>	
Net cash outflow on servicing of finance and return on investments			(217,408)		(203,874)
INVESTING ACTIVITIES					
Payments to acquire tangible fixed assets		(233,500)		(67,573)	
Receipts from sales of tangible fixed assets		<u>1,700</u>		<u>10,827</u>	
Net cash outflow from investing activities			<u>(231,800)</u>		<u>(56,746)</u>
Net cash inflow before financing			223,402		300,536
FINANCING	22				
Redemption of 31,750 9% Preference Shares		(31,750)		-	
Repayment of loan		(10,000)		(66,000)	
Bank loan (repayments)/taken out		(12,503)		73,139	
Capital element of finance lease rental payments		<u>(213,343)</u>		<u>(336,966)</u>	
Net cash outflow from financing			<u>(267,596)</u>		<u>(329,827)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	21		<u>(44,194)</u>		<u>(29,291)</u>

The notes on pages 7 to 16 form part of these financial statements.

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996

1 PRINCIPAL ACCOUNTING POLICIES

(1) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Tangible fixed assets

Tangible fixed assets are stated at cost, together with any incidental expense of acquisition.

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

Plant and machinery	6% to 10%
Motor vehicles	25%
Furniture, fixtures and fittings	20%

(3) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for slow moving, obsolete and damaged stocks.

(4) Deferred taxation

Account is taken of timing differences between the accounting and taxation treatment of certain items. Full provision is made where the directors consider that the taxation may become payable in the foreseeable future.

(5) Turnover

Turnover represents amounts invoiced, excluding VAT, in respect of goods and services provided.

(6) Finance leases

Where assets are financed by leasing arrangements giving the rights approximating to ownership, these assets are treated as if they had been purchased outright and the corresponding leasing commitments are shown as obligations to the lessor. Depreciation on these assets is charged to the profit and loss account over the lower of their expected economic lives and the lease term for finance leases and over their expected economic lives for hire purchase agreements. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account.

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(7) Foreign exchange

Transactions denominated in a foreign currency are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rate ruling at the balance sheet date. Profit and losses on exchange are dealt with in the profit and loss account.

2	TURNOVER AND SEGMENTAL INFORMATION	1996 £	1995 £
	United Kingdom	7,576,152	6,232,095
	Continental Europe	-	162,932
	Rest of the world	<u>23,345</u>	<u>8,846</u>
		<u>7,599,497</u>	<u>6,403,873</u>

In the opinion of the directors the Company carries on one class of business.

3	OPERATING PROFIT	1996 £	1995 £
	Operating profit is stated after charging:		
	Auditors' remuneration	10,600	10,200
	Depreciation	348,121	319,683
	Operating lease rentals	<u>127,020</u>	<u>127,020</u>

4 DIRECTORS' EMOLUMENTS

- (1) Particulars of directors' emoluments disclosed in accordance with Schedule 6 of the Companies Act 1985, are as follows:

	1996 £	1995 £
Aggregate emoluments	<u>176,011</u>	<u>183,838</u>
Emoluments in respect of the chairman	<u>12,430</u>	<u>11,302</u>
Emoluments of the highest paid director including benefits in kind	<u>67,513</u>	<u>60,002</u>

Emoluments of the directors fell within the following bands:

£Nil - £5,000	-	1
£10,001 - £15,000	1	1
£30,001 - £35,000	1	-
£55,001 - £60,000	-	2
£60,001 - £65,000	1	1
£65,001 - £70,000	1	-

The fees of £12,430 in respect of the services of Mr RA Pearce Gould were payable to Cambridge Corporate Consultants Limited.

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

5 EMPLOYEE INFORMATION

- (1) The average number of persons including directors employed by the company during the year, analysed by business category, was as follows:

	<u>1996</u>	<u>1995</u>
Production	94	70
Administration	<u>7</u>	<u>6</u>
	<u>101</u>	<u>76</u>

- (2) Staff costs, including directors' emoluments (Note 4):

	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	1,797,990	1,452,088
Social security costs	<u>166,354</u>	<u>135,340</u>
	<u>1,964,344</u>	<u>1,587,428</u>

6 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
Bank loan and overdraft interest	19,966	10,874
Unsecured loan interest	-	7,294
Interest on finance leases and HP agreements	142,306	158,134
Other	<u>262</u>	<u>1,699</u>
	<u>162,534</u>	<u>178,001</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
Corporation tax	-	-
ACT on dividend	<u>5,856</u>	<u>6,282</u>
	<u>5,858</u>	<u>6,282</u>

No charge to taxation arises due to the availability of tax losses brought forward. Tax losses of approximately £771,000 are available for relief against future profits (1995 - £866,000).

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

8 TANGIBLE FIXED ASSETS

	Leasehold property (short)	Plant & machinery	Motor vehicles	Office equipment, fixtures and fittings	Total
Cost	£	£	£	£	£
At 1 January 1996	40,041	3,627,763	64,510	34,352	3,766,666
Additions	-	520,568	40,485	11,920	572,973
Disposals	-	-	(5,295)	-	(5,295)
At 31 December 1996	<u>40,041</u>	<u>4,148,331</u>	<u>99,700</u>	<u>46,272</u>	<u>4,334,344</u>
Depreciation					
At 1 January 1996	12,854	1,210,166	37,486	20,119	1,280,625
Charge for year	1,907	318,871	20,423	6,920	348,121
Disposals	-	-	(5,185)	-	(5,185)
At 31 December 1996	<u>14,761</u>	<u>1,529,037</u>	<u>52,724</u>	<u>27,039</u>	<u>1,623,561</u>
Net book amount					
At 31 December 1996	<u>25,280</u>	<u>2,619,294</u>	<u>46,976</u>	<u>19,233</u>	<u>2,710,783</u>
At 31 December 1995	<u>27,187</u>	<u>2,417,597</u>	<u>27,024</u>	<u>14,233</u>	<u>2,486,041</u>

The net book value of assets held under HP and finance lease arrangements is £2,095,365 (1995 - £2,034,917).

The depreciation charge for assets held under HP and finance leases is £270,249 (1995: £251,621).

9 STOCKS

	1996	1995
	£	£
Raw materials, consumables and items held for resale	<u>198,515</u>	<u>274,770</u>

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

10	DEBTORS	<u>1996</u>	<u>1995</u>
		£	£
	Trade debtors	786,859	913,642
	Other debtors	130,866	126,457
	Prepayments and accrued income	<u>88,724</u>	<u>76,305</u>
		<u>1,006,449</u>	<u>1,116,404</u>

All the above amounts are due within one year of the balance sheet date.

During 1996 the company has entered into an arrangement to discount trade debtors. As the arrangement is in substance a borrowing, the relevant debtors are included in trade debtors and the amount advanced is included in bank overdrafts due within one year. At 31 December 1996 the amount of trade debtors discounted under such arrangements amounted to £499,654 (1995: nil). Interest costs are included in interest charges in the profit and loss account.

11	CREDITORS (amounts falling due within one year)	<u>1996</u>	<u>1995</u>
		£	£
	Bank overdraft	287,723	244,759
	Trade creditors	938,837	1,066,804
	Taxation and social security costs	129,611	110,472
	Finance leases and hire purchase obligations	283,066	284,349
	Other creditors	54,109	22,966
	Accruals and deferred income	178,795	278,614
	Shareholders' loan	-	10,000
	Bank loan	60,636	73,139
	Dividends	<u>21,710</u>	<u>43,420</u>
		<u>1,954,487</u>	<u>2,134,523</u>

The bank loan is repayable on demand but the payment schedule is over 5 years from August 1995. Interest of 2.75% over the National Westminster Bank PLC base rate is borne.

12	CREDITORS (amounts falling due after more than one year)	<u>1996</u>	<u>1995</u>
		£	£
	Finance lease and hire purchase agreements	1,093,948	976,313
	Deferred income	<u>39,872</u>	<u>43,552</u>
		<u>1,133,820</u>	<u>1,019,865</u>

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

13 FINANCE LEASES

	<u>1996</u>	<u>1995</u>
	£	£
Finance leases due:		
Within one year	408,300	437,662
Between one and five years	1,182,414	1,122,000
Beyond five years	<u>151,000</u>	<u>-</u>
	1,741,714	1,559,662
Finance charges	<u>(364,700)</u>	<u>(299,000)</u>
	<u>1,377,014</u>	<u>1,260,662</u>
Falling due within one year - note 11	283,066	284,349
Falling due after more than one year - note 12	<u>1,093,948</u>	<u>976,313</u>
	<u>1,377,014</u>	<u>1,260,662</u>

14 OPERATING LEASES

The company has the following expected annual commitment in respect of operating leases which expire

	Land and Buildings <u>1996</u>	Land and Buildings <u>1995</u>
	£	£
More than 5 years	<u>183,292</u>	<u>130,700</u>

15 CALLED-UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
<u>Authorised</u>		
Ordinary shares of £1 each	177,500	177,500
9% Preference shares of £1 each	76,000	76,000
7% Preference shares of £1 each	<u>522,500</u>	<u>522,500</u>
	<u>776,000</u>	<u>776,000</u>
<u>Issued</u>		
Ordinary shares of £1 each	162,924	162,924
9% Preference shares of £1 each	44,250	76,000
7% Preference shares of £1 each	<u>261,285</u>	<u>261,285</u>
	<u>468,459</u>	<u>500,209</u>

During the year 31,750 9% Preference shares of £1 each were redeemed. The preference dividends up to 31 December 1996 on the 9% Preference Shares and 7% Preference Shares have been provided for in these accounts.

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

15 CALLED-UP SHARE CAPITAL (Continued)

The company's non-equity capital has the following rights:

	<u>9% Preference shares</u>	<u>7% Preference shares</u>
Right to dividends	First, over all other classes of shares	Second
Redemption terms	The company has the option to redeem the shares at any time with 3 months' notice. In addition, half of the shares were redeemable at the shareholders' option from 31 December 1995; at 31 December 1996, 6,250 shares remain to be so redeemed. The remaining one half of the shares are redeemable at par on 31 December 1996.	Redeem quarter of shares for each member holding these shares on each of following dates; 31 December 1997, 31 December 1998, 31 December 1999 and 31 December 2000 at par value.
Priority of shares at winding-up	First, over all other classes of shares including accrued dividends up to wind-up date	Second
Voting rights	<p>Both shares have the following:</p> <ul style="list-style-type: none"> • At notice of meeting, dividends are 6 months or more in arrears • Resolution concerns wind-up of company or relates to a change of the special rights of that class of share 	

Under these circumstances, one vote is allotted for each share.

16 SHARE PREMIUM ACCOUNT

	<u>1996</u>	<u>1995</u>
	£	£
Balance brought forward and carried forward	<u>46,173</u>	<u>46,173</u>

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996(continued)

17 RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit for financial year	158,553	150,559
Preference dividends	(23,420)	(25,130)
Capital redemption reserve	<u>(31,750)</u>	<u>-</u>
Net addition to shareholders' funds	103,383	125,429
Opening shareholders' funds	<u>770,679</u>	<u>645,250</u>
Closing shareholders' funds	<u>874,062</u>	<u>770,679</u>

18 CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

At 31 December 1996 the Company was committed to capital expenditure amounting to £1,900,000 (1995 : £180,000).

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
Operating profit	326,943	334,842
Depreciation charges	348,121	319,683
Decrease/(Increase) in stocks	76,255	(147,862)
Decrease/(Increase) in debtors	109,955	(56,418)
(Decrease)/Increase in creditors	(187,074)	116,009
(Profit)/Loss on sale of fixed assets	<u>(1,590)</u>	<u>(5,098)</u>
Net cash inflow from operating activities	<u>672,610</u>	<u>561,156</u>

20 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£
Balance at 1 January 1995	(196,907)
Net cash outflow	<u>(44,194)</u>
Balance at 31 December 1996	<u>(241,101)</u>

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

21 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1996</u> £	<u>1995</u> £	Change in year £
Cash at bank and in hand	46,622	47,852	(1,230)
Bank overdrafts	<u>(287,723)</u>	<u>(244,759)</u>	<u>(42,964)</u>
	<u>(241,101)</u>	<u>(196,907)</u>	<u>(44,194)</u>

22 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Share capital</u> £	<u>Shareholders' loan</u> £	<u>Bank loan</u> £	<u>Finance lease and hire purchase obligations</u> £	<u>Total</u> £
Balance at 1 January 1996	500,209	10,000	73,139	1,260,662	1,343,801
Cash inflow/(outflow) from financing	(31,750)	(10,000)	(12,503)	(213,343)	(235,846)
Inception of finance lease and HP contracts	—	—	—	<u>329,695</u>	<u>329,695</u>
Balance at 31 December 1996	<u>468,459</u>	<u>—</u>	<u>60,636</u>	<u>1,377,014</u>	<u>1,437,650</u>

23 MAJOR NON-CASH TRANSACTIONS

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £335,090.

24 RELATED PARTY TRANSACTIONS

(a) Transactions with directors

The following loans were made to directors:

TDG Johnson	Balance at beginning and end of year £2,500 (maximum outstanding in year £2,500)
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This amount is interest free and repayable on demand.

NEWSFAX INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS AS AT 31 DECEMBER 1996 (continued)

24 RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with other related parties

The company has engaged the services of consultants from Cambridge Corporate Consultants Limited, a shareholder in the company, at commercial rates. Mr RA Pearce Gould, the chairman of Newsfax International Limited, is a major shareholder and director of Cambridge Corporate Consultants Limited.

During 1996, amounts invoiced to the company by Cambridge Corporate Consultants Limited for the services and costs of both Mr RA Pearce Gould and consultants totalled £56,000 and at 31 December 1996 the company had an outstanding payable balance of £28,000 (1995: £9,000).