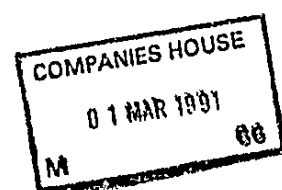


BPCC BROADLEY LTD.
ACCOUNT
for the 56 week period
since incorporation on
2 December 1988
to 31 December 1989



BPCC BROADLEY LTD

Report of the directors for the 56 week period ended 31 December 1989

1 The directors present herewith the audited accounts for the 56 week period ended 31st December 1989.

Review of activities

2 The profit and loss account for the period is set on page 4.

The company was incorporated on 2nd December, 1988 as Lopmark Limited and was subsequently acquired by BPCC Ltd on 21st December 1988 when it changed its name to BPCC Broadley Ltd. On 13th January 1989 the company acquired the assets and business of Jas. Broadley Limited for £4,938,998 as part of the management buyout of certain of the UK printing interests of Maxwell Communication Corporation plc.

Since 13 January 1989 the company has continued the business of BPCC Broadley Limited and its principal activity has been printing.

Both the level of business and the financial position at the period end were satisfactory. In connection with a reorganisation of the BPCC group on 1 January 1990 the company transferred part of its assets and business to BPCC Broadley Gravure Ltd., a fellow group company. As a result of this transfer the company's level of activity is expected to reduce.

3 Dividend

A dividend for the period £633,000 was paid on 31 December 1989. The balance of £94 of the profit for the period will be carried to the revenue reserve.

4 Changes in fixed assets

The movement in fixed assets during the year are set out in note 9 to the accounts.

Directors

5 The directors of the company during the period, together with their dates of appointment or resignation where applicable, were :

P. J. Holloran	appointed 9 December, 1988
F. J. Brown	appointed 11 January, 1989
Instant Companies Ltd.	appointed 2 December, 1988
	resigned 9 December, 1988

Directors' interests

6 No directors of the company or their families had any interest in shares of the company or of its ultimate holding company except as disclosed in the accounts of the ultimate holding company.

Directors' interests in contracts

7 None of the directors had a material interest in any contract of significance to which the company or any other group company, was a party during the period.

Political and charitable contributions

8 Contributions made during the period for political and charitable purposes were :-

	£
For political purposes	-
For charitable purposes	<u>200</u>
	<u>£200</u>


Close company

9 The company is not a close company within the terms of the Income and Corporation Taxes Act 1988.

Auditors

10 Our auditors Coopers & Lybrand are in the process of merging their practice with Deloitte Haskins & Sells and in the meantime have adopted Coopers & Lybrand Deloitte as their business name. They have signed the auditors' report in their new name. A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Clive Bridges
Secretary
26 March 1990

Report of the auditors to the members of BPCC BROADLEY LTD

We have audited the accounts on pages 4 to 19 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1989 and of its profit and source and application of funds for the 56 week period then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND DELOITTE

Chartered Accountants
26 MARCH 1990

BPCC BROADLEY LTD

Profit and loss account
for the 56 week period ended 31 December 1989

	<u>Notes</u>	56 week period ended <u>31st December 1989</u> £
Sales	2	8,867,777
Cost of sales		(6,918,745)
Gross profit		1,949,032
Net operating expenses	3	(1,246,661)
Operating profit	4	702,371
Interest payable and similar charges	6	(14,277)
Profit before taxation		688,094
Tax on profit on ordinary activities	7	(55,000)
Profit on ordinary activities after taxation		633,094
Dividends	8	(633,000)
Retained profit for the period		<u>£ 94</u>

STATEMENT OF RETAINED PROFITS

Retained profit at 31 December 1989 for the period	<u>£ 94</u>
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The notes on pages 7 to 19 form part of these accounts.

Auditors' report page 3.

BPCC BROADLEY LTD

Balance sheet - 31 December 1989

	<u>Notes</u>	<u>31 December 1989</u>	
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	9		1,556,190
CURRENT ASSETS			
Stocks	10	1,415,941	
Debtors	11	1,927,544	
Cash at bank and in hand		577	
		<u>3,344,062</u>	
CREDITORS: amounts falling due within one year	12	(2,177,618)	
		<u>1,166,444</u>	
NET CURRENT ASSETS			
			<u>1,166,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
			2,722,634
CREDITORS: amounts falling due after more than one year	13		(5,595,552)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Taxation	15	-	
Other provisions	16	(377,000)	(377,000)
		<u>(377,000)</u>	<u>(377,000)</u>
			<u>£(3,249,918)</u>
CAPITAL AND RESERVES			
Called up share capital	17		2
Other reserves	18		(3,250,014)
Profit and loss account			94
			<u>£(3,249,918)</u>

The accounts were approved by the Board on 26 March 1990.

P. J. HOLLORAN)
F. J. BROWN) Directors

The notes on pages 7 to 19 form part of these accounts.

Auditors' report page 3.

BPCC BROADLEY LTDStatement of source and application of funds
for the 56 week period ended 31 December 1989

	<u>56 week period ended 31 December 1989</u>	
	<u>£</u>	<u>£</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation		688,094
Adjustments for items not involving the movement of funds:		
Utilisation of other provision	(156,000)	
Depreciation of tangible fixed assets	183,101	
Profit on sale of tangible fixed assets	<u>(4,160)</u>	22,941
TOTAL FROM OPERATIONS		<u>711,035</u>
FUNDS FROM OTHER SOURCES:		
Sale proceeds of tangible fixed assets	5,758	
BPCC group companies loan account	5,571,998	
Proceeds of issue of shares	<u>2</u>	
		<u>5,577,758</u>
TOTAL SOURCE OF FUNDS		<u>6,288,793</u>
APPLICATION OF FUNDS		
Purchase of business assets and liabilities (see note 19)	4,938,998	
Purchase of tangible fixed assets	216,486	
Dividends paid	<u>633,000</u>	
TOTAL APPLICATION OF FUNDS		<u>5,788,484</u>
		<u>£500,309</u>
INCREASE IN WORKING CAPITAL		
Decrease in stocks	(546,166)	
Increase in debtors	135,451	
Decrease in current creditors, excluding taxation, and overdrafts	<u>910,447</u>	
		499,732
Movement in net liquid funds:		
Bank and cash balances		<u>577</u>
Increase in working capital		<u>£500,309</u>

Auditors' report page 3.

BPCC BRÓADLEY LTDNotes to the accounts - 31 December 1989Principal accounting policies

i These accounts have been prepared under the historical cost convention. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

(a) Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

(b) Taxation

The charge for taxation is based on the profit for the period after adjusting for disallowable items, and after excluding timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the accounts. The tax effect of timing differences which are likely to result in an actual tax liability in the foreseeable future, as reduced by the tax benefit of any accumulated losses, is treated as a deferred tax liability.

(c) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Trading activities are translated to sterling at the rate of exchange ruling at the time of the transaction. Any resultant gain or loss on exchange is shown as part of the period's profit or loss from ordinary activities.

(d) Fixed assets

(i) Cost or valuation

Properties are stated at existing use value and are subject to regular revaluations. The date of the last valuation was 13 January 1989 which was the cost of the properties to this company. Other fixed assets are stated at cost less accumulated depreciation. Additions since 13 January 1989 are stated at purchase cost, together with any incidental expenses of acquisition.

BFCC BROADLEY LTD

Notes to the accounts - 31 December 1989 (continued)

(ii) Depreciation

Depreciation is provided on the straight line basis at a rate appropriate to the estimated useful life of each individual asset as determined by the company's directors. The rates of depreciation used are in the following ranges:-

Plant & Equipment	8 - 25%
Short leasehold properties	Over life of lease

Depreciation is provided on freehold and long-leasehold property at the rate of 1 1/2% per annum. Tenants improvements to leasehold properties are written off over the life of the lease.

(e) Leased Assets

Assets acquired under finance leases are included in the balance sheet at cost less depreciation. The obligations related to finance leases are included, as appropriate, under creditors due within or after one year. The interest element of rental obligations is charged to the profit and loss account.

Rentals payable under operating leases, all of which are leased from fellow subsidiary companies, are charged to the profit and loss account, as incurred, over the lease term.

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost consists of direct material and labour cost including full works overheads. 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 or, where appropriate, the cost of conversion from their existing state to a finished condition.

(f) Goodwill

Goodwill arising on acquisition, being the excess of the purchase price over the fair value of the net assets acquired, is written off directly to other reserves.

(g) Pension Scheme arrangements

The pension liabilities of the group are externally funded. Payments made to the funds and charged annually in these accounts comprise current service contributions which are estimates based on actuarial advice. The funds are actuarially valued every three years.

Sales

2 The majority of the company's sales, which arise in the course of the company's principal activity, arise in the United Kingdom and include intra-group sales of £5,858.

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Net operating expenses

3

56 week
period ended
31 December 1989

Net operating expenses are
made up as follows :-

£

Distribution costs	400,913
Administrative expenses	499,540
Group finance and service charges	348,420

1,248,873
(2,212)

Less: Other operating income

£1,246,661

Operating profit

4

56 week
period ended
31 December 1989
£

Operating profit is stated after
charging/(crediting):

Auditors remuneration	10,545
Operating leases:	
Hire of plant and machinery	18,641
Other operating leases - fellow subsidiary companies	75,714
Depreciation of tangible fixed assets	
- owned by the company	104,676
- held under external finance leases and hire purchase contracts	60,991
- held under finance leases from group companies	17,434

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Employee information

5(a)

56 week
period ended
31 December 1989
Number

The average number of persons
employed by the company, including
directors, during the period
is:

165

5(b)

56 week
period ended
31 December 1989
£

Employment costs - all employees
including directors

Aggregate gross wages and salaries
paid to the company's employees
Employer's national insurance
contributions

2,208,878

170,650

Total direct costs of employment

£2,379,528

5(c)

56 week
period ended
31 December 1989

Number of employees of the company
(excluding directors) whose emoluments
were within the range :-

£30,001 to £35,000

1

£40,001 to £45,000

1

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Interest payable and similar charges

	56 week period ended 31 December 1989 £
6	
Interest payable on finance leases	
- fellow group companies	9,110
- external	5,167
	<hr/>
	<u>£14,277</u>

Tax on profit on ordinary activities

7

The charge based on the results for the period is as follows:

	1989
Taxation based on the profit for the period	
United Kingdom Deferred tax	<u>£55,000</u>

There is no liability for Corporation Tax on the results for the period, since the whole of the taxable profit will be eliminated by taxation losses surrendered by fellow subsidiaries, without charge, by way of group relief.

The taxable profits have been reduced by £46,000 as a result of fixed asset timing differences for which no deferred tax provision has been established. The current year charge represents the movement on provisions.

Dividends

8

Ordinary Dividends :-

Dividend of £316,500 per share paid.

56 week period ended 31 December 1989
<u>£633,000</u>

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Tangible fixed assets

9	Freehold land and buildings £	Leasehold land and buildings Short leases £	Plant and machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
<u>Cost or valuation</u> (see (a) & (b) below)						
Acquired on 13 January 1989	602,000	15,000	849,607	57,082	714	1,524,403
Additions	-	-	165,663	36,422	-	202,085
Intra-group transfers	-	-	25,789	-	-	25,789
Disposals	-	-	(1,750)	(12,370)	-	(14,120)
At 31 December 1989	602,000	15,000	1,039,309	81,134	714	1,738,157
<u>Depreciation</u>						
Charge for the period	8,683	2,404	143,722	27,922	370	183,101
Depreciation on disposals	-	-	(1,698)	(10,824)	-	(12,522)
Intra-group transfers	-	-	11,388	-	-	11,388
At 31 December 1989	8,683	2,404	153,412	17,098	370	181,967
Net book value at 31 December 1989	<u>£593,317</u>	<u>£12,596</u>	<u>£885,897</u>	<u>£64,036</u>	<u>£ 344</u>	<u>£1,556,190</u>

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Tangible fixed assets

9 (continued)

- (a) Freehold and leasehold land and buildings were valued professionally on an "existing use" basis as at 13 January 1989.
- (b) The net book value of fixed assets includes an amount of £224,018 in respect of assets held under finance leases and hire purchase contracts.
- (c) Included in plant and machinery is an amount of £41,832 relating to payments on account and assets in the course of construction.
- (d) Capital commitments

31 December 1989
£

Capital contracts 7,238

Stocks

10 The amounts attributable to the different categories are as follows:

31 December 1989
£

Raw materials, consumables and stores	519,027
Work in progress	364,506
Finished goods	532,408
	<hr/>
	<u>£1,415,941</u>

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Debtors

11

31 December 1989

£

Amounts falling due within one year

Trade debtors	1,511,267
Other debtors	35,446
Prepayments and accrued income	20,840
Amounts owed by other BPCC Ltd group companies	26,358
	<u>1,593,911</u>

Amounts falling due after one year

Amounts owed by other BPCC Ltd group companies	333,633
	<u>£1,927,544</u>

Creditors - amounts falling due within one year

12

Amounts owed to other BPCC Ltd group companies	181,305
Trade creditors	1,343,791
Other creditors including taxation and social security (see below)	341,336
Accruals and deferred income	297,201
Obligations under finance leases and hire purchase contracts due within one year (secured on related assets)	
- Group Companies	13,985
	<u>£2,177,618</u>

Other creditors including taxation and social security is made up as follows:-

	<u>31 December 1989</u>
	£
VAT	145,520
PAYE	60,549
Social Security	44,490
Other creditors	63,777
	<u>£314,336</u>

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Creditors - amounts falling due after more than one year

13

31 December 1989

Obligations under finance leases and
hire purchase contracts (secured on
the related assets)

- Group Companies

23,554

Amounts owed to other BPCC Ltd group
companies (see note below)

5,571,998

£5,595,552

The loan account with other BPCC Ltd group companies is interest free and there are no fixed terms of repayment.

Pension Scheme

14 At the balance sheet date the BPCC group participated in two pension schemes for its employees; the Maxwell Communication Pension Scheme and the Maxwell Communication Works Pension Scheme. These schemes are defined benefit pension schemes and constituted under separate independent trusts. The assets comprise various forms of Stock Exchange securities and other appropriate investments. The contributions paid to the schemes and charged in the accounts are in accordance with the recommendations of the actuaries.

The schemes were revalued at 5 April 1988 by independent actuaries and all schemes were reported to be in substantial surplus after allowing for benefits which had accrued to members at that date on both a discontinuance and a going concern basis. The actuarial valuation confirmed that the surplus would be sufficient to continue the pension holiday for company contributions up to at least 31 December 1991.

With effect from 6 March 1990 the BPCC group is establishing a new scheme; the BPCC Pension Plan, which is also a defined benefit scheme. At this date all employees will be invited to become members of the new scheme and have any benefits accrued under the Maxwell Communication Corporation Schemes transferred into it.

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Deferred Taxation

15 The amounts provided and full potential liability for deferred taxation are as follows :-

	1989	
	Amounts provided	Full potential liability
	£	£
Fixed assets timing differences including leased plant	51,000	103,000
Provisions	(51,000)	(51,000)
	<u>-</u>	<u>52,000</u>

The movements on the provision during the period are as follows :-

Acquired on 13 January 89	(55,000)
Transfers from Profit & Loss Account	55,000
	<u>-</u>
Balance at 31 December 1989	<u>-</u>

Other provisions

16 Movements on provisions are as follows :-

	<u>Other</u> £
Established at 13 January 1989	533,000
Utilised in the period	(156,000)
	<u>-</u>
Total	<u>£377,000</u>

BPCC BROADLEY LTDNotes to the accounts - 31 December 1989 (continued)Called up share capital

17

Ordinary shares
of £1 each
1989

Authorised:

Number

1000

Value

£1000Issued, called up
and fully paid:

Number

2

Value

£2Reserves

18

Other
reserve
£

Goodwill written off
(see note 19)£(3,250,014)Assets acquired

19 The company acquired the business and net assets of Jas. Broadley Limited on 13 January 1989 for £4,938,998. Goodwill of £3,250,014 arising on the acquisition has been written off to other reserves (see note 18).

Net assets acquired

Fixed assets

£
1,524,403

Stocks

1,962,107

Debtors

1,792,093

Creditors and provisions

(3,589,619)

Goodwill

1,688,9843,250,0144,938,998

BPCC BROAD BY LTDNotes to the accounts - 31 December 1969 (continued)Charges on assets and undertakings of the company

20 Fixed and floating charges over the assets and undertakings of the company have been granted to the group's principal bankers and the company has given joint and several guarantees covering the group's borrowings.

Ultimate holding company

21 The company's ultimate holding company is BPCC Ltd, a company incorporated in the United Kingdom.