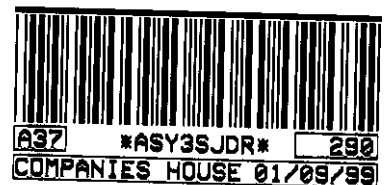


**CORNHILL PUBLICATIONS HOLDINGS
LIMITED**

*Signed
copy*

**ANNUAL REPORT AND ACCOUNTS
31ST MARCH 1999**



REGISTERED NUMBER 2467423

CORNHILL PUBLICATIONS HOLDINGS LIMITED

DIRECTORS' REPORT

for the year ended 31 March 1999

The Directors present their report together with the audited accounts for the year ended 31 March 1999.

Trading Results and Dividends

Following the disposal of its subsidiary undertaking the company has not traded and has made neither a profit nor a loss.

Principal Activities

The Company is now dormant.

Directors

The Directors of the company, who served during the year, were:-

S E Kessler (Chairman & Managing Director)
L S Garman

Under the Company's Articles of Association the Directors are not required to retire by rotation.

None of the Directors have any interest in the share capital of the Company.

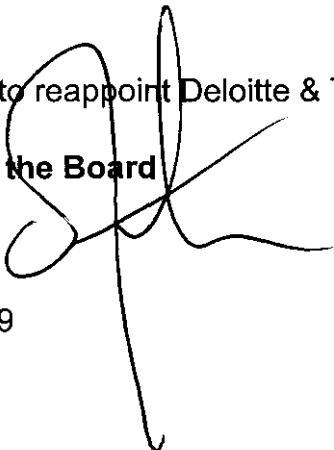
S E Kessler and L S Garman are directors of the ultimate holding company Sterling Publishing Group plc. Their interests in the share capital of that company are disclosed in that company's accounts.

Auditors

A resolution to reappoint Deloitte & Touche will be proposed at the Annual General Meeting.

By Order of the Board

D S Watson
Secretary
30 June 1999



**CORNHILL PUBLICATIONS HOLDINGS
LIMITED**

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1999

	Note	1999 £'000	1998 £'000
Exceptional item – gain on disposal of subsidiary undertaking		-	8,629
Operating Profit		-	8,629
Interest payable and similar charges	3	-	(1,075)
		-	
Profit on Ordinary Activities before and after taxation		-	7,554
Balance brought forward		(4,596)	(12,150)
Balance carried forward		(4,596)	(4,596)

All items arose from discontinued operations during the years to 31 March 1999 or 31 March 1998.

There have been no recognised gains or losses relating to the year (1998 : Nil).

The attached notes on pages 5 and 6 form an integral part of these accounts.

**CORNHILL PUBLICATIONS HOLDINGS
LIMITED**

BALANCE SHEET

at 31 March 1999

	Note	1999 £'000	1998 £'000
Net Current (Liabilities)	4	(4,596)	(4,596)
Total Assets less Current Liabilities		(4,596)	(4,596)
 Capital and Reserves			
Called up share capital	5	-	-
Profit and loss account		(4,596)	(4,596)
At 31st March 1999		(4,596)	(4,596)
 Comprising:			
Equity interests		(4,596)	(4,596)
Non-equity interests		-	-
		(4,596)	(4,596)

The attached notes form an integral part of these accounts.

The accounts were approved by the board of directors on 30 June 1999 and signed on their behalf by:



S E Kessler

Director

CORNHILL PUBLICATIONS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 March 1999

1 Accounting Policies

Accounting convention

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

Deferred taxation

Deferred taxation in respect of timing differences between profits as computed for taxation purposes and profits as stated in the accounts, is only provided in the accounts to the extent that there is a reasonable probability that such deferred tax will be payable in the foreseeable future.

2 Directors and Employees

The Company has no employees. None of the Directors received any remuneration in respect of their services as directors of the Company.

3 Interest payable and similar charges

	1999	1998
	£'000	£'000
Interest payable on loan from ultimate holding company	-	1,075
	-	1,075

4 Creditors

Amounts falling due within one year :

Amounts due to ultimate holding company	4,591	4,591
Amounts due to fellow subsidiary	5	5
	4,596	4,596

**CORNHILL PUBLICATIONS HOLDINGS
LIMITED
NOTES TO THE ACCOUNTS - CONTINUED
for the year ended 31 March 1999**

5 Share Capital

	1999	1998	1999	1998
	Number	Number	£	£
Authorised, allotted, called up and fully paid				
Ordinary shares of 1p each	10,000	10,000	100	100
Preference shares of £1 each	150	150	150	150
	10,150	10,150	250	250

The preference shares entitle the holders to a non-cumulative dividend of 2% and in the event of a reduction of capital or in a winding up of the company to a payment of £1 per share. The holders of the preference shares have no right to receive notice of or to attend or vote at any general meeting of the Company except where the business affects the rights of the preference sharers in which case each preference shareholder is entitled to one hundred votes.

6 Reconciliation of Movements in Shareholders' Funds

	1999	1998
	£'000	£'000
Profit/loss attributable to shareholders	-	7,554
Dividends	-	-
Net increase/(decrease) in shareholders' funds	-	7,554
Opening shareholders' funds	(4,596)	(12,150)
Closing shareholders' funds	(4,596)	(4,596)

7 Cash flow statement

The Company is a wholly owned subsidiary of a parent undertaking whose consolidated statements, in which the company are included, are publicly available. Accordingly, the Company does not present a cash flow statement. The address at which these consolidated financial statements are publicly available is shown in note 8.

8 Audit Fee

The audit fee will be borne by the parent company.

CORNHILL PUBLICATIONS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - CONTINUED

for the year ended 31 March 1999

9 Related party transactions

The company is a wholly owned subsidiary within the Sterling Publishing Group PLC (and is included in the consolidated financial statements of that group) and has taken advantage of the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions, as required by the standard, with entities that are part of the group. The address at which the Sterling Publishing Group PLC consolidated financial statements are publicly available is shown in note 10.

10 Ultimate Holding Company

The Company's ultimate holding company and controlling party is Sterling Publishing Group Plc, a company incorporated in the United Kingdom and registered in England which is the parent undertaking of the smallest and largest groups for which group accounts are prepared and of which the Company is a member. The Company is registered in England and its registered number is 2467423. Group accounts can be obtained from Sterling at its registered office at 86-88 Edgware Road, London W2 2YW.

CORNHILL PUBLICATIONS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT AND AUDITORS' REPORT

for the year ended 31 March 1999

DIRECTORS' RESPONSIBILITIES STATEMENT

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 as at the end of the financial year 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 and 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.

CORNHILL PUBLICATIONS HOLDINGS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF CORNHILL PUBLICATIONS HOLDINGS LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described on page 8, 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 affairs of the Company as at 31 March 1999 and its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Hill House
1 Little New Street
London
EC4A 3TR



20 August 1999