

CURRENT BIOLOGY LIMITED
(Company No. 2472262)

REPORT AND FINANCIAL STATEMENTS

31 December 1996

**Badger Hakim
10 Dover Street
London W1X 3PH**



CURRENT BIOLOGY LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 1996

COMPANY INFORMATION

Company Number:	2472262
Registered Office:	Middlesex House 34-42 Cleveland Street, London. W1P 6LB
Directors:	A. Greenwood P. Newmark B. Parker V. Tracz R. Charkin A. Krieger
Secretary:	B. Parker
Bankers:	Lloyds Bank P.L.C., 190 Great Portland Street, London. W1A 4LN.
Solicitors:	Radcliffes Crossman Block 5 Great College Street, London. SW1P 3SJ.
Auditors:	Badger Hakim, 10 Dover Street London. W1X 3PH

CURRENT BIOLOGY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 1996

CONTENTS

	<u>Page</u>
Directors' report	1
Report of the Auditors'	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

CURRENT BIOLOGY LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 1996.

ACTIVITIES

The principal activities of the company throughout the year was producing journals and books.

RESULTS AND DIVIDENDS

The results for the year are disclosed on page 4.

The directors do not recommend the payment of a dividend for the year.

FIXED ASSETS

Details of the movements in fixed assets are given in the note 6 to these financial statements.

DIRECTORS

The directors who served during the year and their respective shareholdings at the beginning and end of the year were as follows:

	Number of ordinary shares of £1 each	
	<u>1996</u>	<u>1995</u>
A. N. Greenwood	50	100
P. Newmark	50	50
B. Parker	-	20
V. Tracz	-	-
R. Charkin (appointed 1 February 1996)		
A. Krieger		

AUDITORS

Badger Hakim formerly Badger Faldo & Ayland have expressed their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re - appointed auditors to the company for the ensuing year.

CURRENT BIOLOGY LIMITED

DIRECTORS' REPORT

DIRECTORS' STATEMENT OF 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;

prepare the financial statements on a 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 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.

SMALL COMPANY RULES

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

BY ORDER OF THE BOARD



B. PARKER
(Secretary)

Middlesex House,
34-42 Cleveland Street,
London. W1A 6LB.

Date:

CURRENT BIOLOGY LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF CURRENT BIOLOGY LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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.

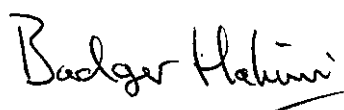
Basis of opinion

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 loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Badger Hakim
Chartered Accountants & Registered Auditors
10 Dover Street
London W1X 3PH

Date: 22 July 1997

CURRENT BIOLOGY LIMITED**PROFIT AND LOSS ACCOUNT**

Year ended 31 December 1996

	Note	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	3,310,571	2,738,616
COST OF SALES		1,802,224	1,541,881
GROSS PROFIT/(LOSS)		<u>1,508,347</u>	<u>1,196,735</u>
Administrative expenses		<u>2,021,277</u>	<u>1,554,245</u>
Operating Loss on ordinary activities before other income	4	(512,930)	(357,510)
Bank interest receivable		<u>12,672</u>	<u>31,599</u>
Loss on ordinary activities before taxation		<u>(500,258)</u>	<u>(325,911)</u>
Tax on loss on ordinary activities	5	<u>(287,048)</u>	<u>2,245</u>
Loss on ordinary activities after taxation		<u>(213,210)</u>	<u>(328,156)</u>

Detail of movements in reserves is given in note 12 to the financial statements.

There are no recognised gains and losses in the year other than the loss (1995: loss) for either of the above two financial years.

All amounts relate to continued activities.

The notes on pages 6 to 10 form part of the financial statements.

CURRENT BIOLOGY LIMITED

BALANCE SHEET

31 December 1996

	Note	£	1996	£	1995	£
FIXED ASSETS						
Tangible assets	6		4,560		39,014	
CURRENT ASSETS						
Stock and work in Progress	7	139,976		119,795		
Debtors	8	108,643		122,427		
Cash at bank in hand		548,820		233,934		
		<u>797,439</u>		<u>476,156</u>		
CREDITORS: amounts falling due within one year						
	9	<u>4,067,672</u>		<u>3,567,633</u>		
NET CURRENT LIABILITIES						
			(3,270,233)		(3,091,477)	
NET LIABILITIES						
			<u>(3,265,673)</u>		<u>(3,052,463)</u>	
CAPITAL AND RESERVES						
Called up share capital	10		1,000		1,000	
Profit and loss account	11		(3,266,673)		(3,053,463)	
SHAREHOLDERS' FUNDS						
	12		<u>(3,265,673)</u>		<u>(3,052,463)</u>	
Shareholders' funds include only equity interests.						

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985. In the opinion of the directors the company is entitled to these exemptions on the grounds that it has met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

These financial statements were approved by the Board of Directors on

R. CHARKIN (Director)



The notes on pages 6 to 10 form part of the financial statements.

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, and are in accordance with the applicable accounting standards. The following principle accounting policies have been applied :

Depreciation

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Computer equipment	33% straight line
Furniture	20% straight line

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing work in progress to its present location and condition, including where appropriate, a proportion of production overheads.

Subscriptions received in advanced

Where subscription income covers a period which spans the balance sheet date, income in respect of journals to be published in future periods is deferred and carried forward in the balance sheet so as to recognise the income at the date of publication and to match it with its associated costs.

Turnover

Turnover represents the invoiced value of goods sold net of value added tax.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

Cash flow statement

The company has taken advantage of the special exemption applicable to small companies as stated in FRS1 in not preparing a cash flow statement.

Going concern

The financial statements have been prepared on the going concern basis which assumes its ability to continue in operation for the foreseeable future. The directors are of the opinion that this is the case despite the net liabilities shown at the balance sheet date because they have received assurance of continued financial support.

2. TURNOVER

The company derived in excess of 97% of its turnover from supplying geographical markets outside the United Kingdom (1995: 97%).

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996 (continued)

3. DIRECTORS EMOLUMENTS

Directors emoluments of £66,061 (1995 £59,390) were paid by a company related by common management.

4. OPERATING LOSS

	1996 £	1995 £
This is after charging/(crediting):		
Auditors' remuneration	2,000	9,250
Depreciation - owned tangible assets	19,452	20,791
Exchange differences	75,855	(55,751)
Loss on disposal of fixed assets	8,712	-
	<u> </u>	<u> </u>

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

Overseas tax suffered at source	14,952	2,245
Group relief	(302,000)	-
	<u>(287,048)</u>	<u>2,245</u>

6. TANGIBLE ASSETS

	Computer Equipment £	Furniture £	Total £
COST			
As at 1 January 1996	62,507	14,312	76,819
Additions	4,299	1,283	5,582
Disposals	(60,425)	(15,250)	(75,675)
As at 31 December 1996	<u>6,381</u>	<u>345</u>	<u>6,726</u>
DEPRECIATION			
As at 1 January 1996	33,918	3,887	37,805
Charge for the year	16,688	2,764	19,452
Disposals	(48,560)	(6,531)	(55,091)
As at 31 December 1996	<u>2,046</u>	<u>120</u>	<u>2,166</u>
Net book value at 31 December 1996	<u>4,335</u>	<u>225</u>	<u>4,560</u>
Net book value at 31 December 1995	<u>28,589</u>	<u>10,425</u>	<u>39,014</u>

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996 (continued)

7. STOCK AND WORK IN PROGRESS

	1996 £	1995 £
Stock at cost	89,993	-
Work in progress	49,983	119,795
	<u>139,976</u>	<u>119,795</u>

8. DEBTORS

Trade debtors	71,582	52,708
Prepayments and accrued income	37,061	69,719
	<u>108,643</u>	<u>122,427</u>

All debtors fall due for payment within one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	126,670	5,522
Trade creditors	226,233	201,447
Amount due to connected companies	2,575,168	1,474,330
Social security and other taxes	1,205	-
Accruals	155,711	100,217
Subscriptions in advance	982,685	1,786,117
	<u>4,067,672</u>	<u>3,567,633</u>

10. SHARE CAPITAL

Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996 (continued)

11. MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Called up share <u>capital</u> £	Profit and loss <u>account</u> £	Total Shareholders <u>Funds</u> £
Balance at 1 January 1996	1,000	(3,053,463)	(3,052,463)
Transfer to profit and loss account and net movement in shareholders' funds.	-	(213,210)	(213,210)
Balance at 31 December 1996	<u>1,000</u>	<u>(3,266,673)</u>	<u>(3,265,673)</u>

12. PARENT UNDERTAKINGS AND CONTROLLING PARTY

Until 8th August 1996, the ultimate parent company was Farmstead Investments Inc. a company registered in the the Republic of Panama, which sold its interest on that date. The controlling party of the company is Radcliffes Trustees Company SA and Central Independant Trustees Limited jointly as trustees of the Vidal Trust. Connected undertakings referred to in these financial statements are former group companies and other undertakings under similar control.

13. CONTINGENT LIABILITIES

Banking Facilities

The company is party to omnibus bank guarantees covering banking facilities arising from BACS and similar transactions. As such the company may be liable for transactions using these facilities by any of its connected companies. At the balance sheet date these facilities were not utilised.

CURRENT BIOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1996 (continued)

14. RELATED PARTY TRANSACTIONS

During the year the company had transactions with related parties as set out below. In the normal course of its business, the company is recharged by related companies in respect of services and overheads on an agreed basis including salaries and premises costs.

All the companies listed below are related by virtue of similar management control. The directors concerned are Mr V Tracz, Ms A Greenwood and Mr R Charkin.

<u>Related Party</u>	<u>Purchases</u> £	<u>Management Salaries*</u> £	<u>Other Salaries</u> £	<u>Recharged Expenses</u> £	<u>Total</u> £
Life Science Communications Ltd	-	340,689	743,626	276,337	1,360,652
Electronic Press Ltd	-	29,425	-	188,809	218,234
Colour Bytes Ltd	149,476	-	-	-	149,476
Electronic Press Inc.	30,402	-	-	-	30,402
Current Medicine Inc.	-	46,018	-	-	46,018

During the year the company effected certain transactions on behalf of Current Chemistry Ltd in the sum of £141,459

* These amounts include directors' emoluments (note 4)

All amounts are recharged at cost.