



**HAYMARKET GROUP LIMITED**

**Report and Financial Statements**

**31 December 1996**

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



**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J L Masters      (Chairman)  
D B Fraser      FCA  
S P Tindall

**SECRETARY**

D B Fraser      FCA

**REGISTERED OFFICE**

12-14 Ansdell Street  
London  
W8 5TR

**BANKERS**

National Westminster Bank PLC

**AUDITORS**

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

## **DIRECTORS' REPORT**

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

### **ACTIVITY**

The principal activity of the group continues to be the publishing and development of magazines. The directors do not anticipate any major changes in the foreseeable future.

### **REVIEW OF DEVELOPMENTS**

The group's results for the year and state of affairs at 31 December 1996 are shown in the attached financial statements. A dividend of £1,828,000 (1995 - £2,000,000) has been paid and the retained profit for the financial year was £6,216,000 (1995 - £5,397,000). On 29 March 1996, the company purchased 4,536,350 ordinary shares of 1p each in the company for an aggregate price including associated costs of £13,411,000. Since the year end, the Group's trading has been satisfactory and other events occurring after the year end are detailed in notes 10, 16 and 18 to the accounts.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1. All directors served throughout the year. The interests of the directors in the shares of the company were as follows:

		Ordinary shares of 1p each At 31 December 1995 and 1996
J L Masters	(Chairman)	9,174,530
D B Fraser		1,483,640
S P Tindall		6,971,150

The directors of the company do not have any interests in the shares of subsidiary undertakings.

### **EMPLOYMENT OF DISABLED PERSONS**

The company and its subsidiaries have continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitude and abilities.

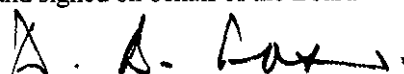
### **DONATIONS**

During the year the group made charitable donations of £33,000 (1995 - £20,000) and made a donation of £50,000 to the Conservative Party (1995 - £10,000).

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
 and signed on behalf of the Board



D B Fraser  
 Secretary

15 April 1997

**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 the group as at the end of the financial year and of the profit or loss of the group 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;
- prepare the financial statements on a 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, for safeguarding the assets of the group and for the prevention and detection of fraud and other irregularities.



## Chartered Accountants

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

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## AUDITORS' REPORT TO THE MEMBERS OF HAYMARKET GROUP LIMITED

We have audited the financial statements on pages 5 to 24 which have been prepared under the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

As described on page 3 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 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 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 and the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

15 April 1997


**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

Year ended 31 December 1996

		1996		1995
	Note	Continuing operations £'000	Acquisitions £'000	Total £'000
<b>TURNOVER</b>	2	88,198	877	89,075
Cost of sales		(75,958)	(989)	(76,947)
Gross profit		12,240	(112)	12,128
Administrative expenses		(1,203)	(513)	(1,716)
Other operating expenses		-	-	-
Other operating income		38	-	38
<b>OPERATING PROFIT/(LOSS)</b>		11,075	(625)	10,450
Profit on disposal of associated undertakings				125
Profit on disposal of fixed assets	5			171
Investment income	6			1,302
Interest payable and similar charges	7			(468)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				11,580
Tax on profit on ordinary activities	8			(3,360)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				8,220
Equity minority interests				(176)
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF HAYMARKET GROUP LIMITED</b>				8,044
Equity dividends paid				(1,828)
<b>Retained profit for the financial year</b>				6,216

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	1996 £'000	1995 £'000
Profit for the year	8,044	7,397
Currency translation differences on foreign currency net investments	20	(20)
Adjustment on revaluation of fixed assets	551	(509)
<b>Total recognised gains relating to the year</b>	8,615	6,868


**CONSOLIDATED BALANCE SHEET**  
**31 December 1996**

	Note	1996 £'000	1995 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	22,205	12,650
Tangible assets	11	15,857	16,656
Investments	12	244	243
		<u>38,306</u>	<u>29,549</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,459	2,222
Debtors falling due within one year	14(a)	21,462	21,308
Debtors falling due after more than one year	14(b)	-	500
Cash at bank and in hand		201	194
		<u>23,122</u>	<u>24,224</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(31,287)</u>	<u>(25,607)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(8,165)</u>	<u>(1,383)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,141	28,166
<b>CREDITORS: amounts falling due after more than one year</b>	16	(11,574)	(1,929)
<b>EQUITY MINORITY INTEREST</b>	18	<u>(25)</u>	<u>(1,778)</u>
		<u>18,542</u>	<u>24,459</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	466	512
Capital redemption reserve	20	46	-
Revaluation reserve	21	3,924	3,361
Merger reserve	22	6,236	6,236
Profit and loss account	23	7,870	14,350
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>18,542</u>	<u>24,459</u>

These financial statements were approved by the Board of Directors on 15 April 1997.

Signed on behalf of the Board of Directors

J L Masters  
Director




**BALANCE SHEET**  
**31 December 1996**

	Note	1996 £'000	1995 £'000
<b>FIXED ASSETS</b>			
Investments	12	359	359
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	14(a)	62,474	-
Debtors falling due after more than one year	14(b)	15,792	68,924
		78,266	68,924
<b>CREDITORS: amounts falling due within one year</b>	15	(4,620)	(250)
<b>NET CURRENT ASSETS</b>		73,646	68,674
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		74,005	69,033
<b>CREDITORS: Amounts falling due after more than one year</b>	16	(9,187)	-
		64,818	69,033
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	466	512
Capital redemption reserve	20	46	-
Profit and loss account	23	64,306	68,521
<b>EQUITY SHAREHOLDERS' FUNDS</b>		64,818	69,033

These financial statements were approved by the Board of Directors on 15 April 1997.

Signed on behalf of the Board of Directors

J L Masters  
Director


**CONSOLIDATED CASH FLOW STATEMENT**
**Year ended 31 December 1996**

	Note	1996 £'000	1995 £'000
<b>Net cash inflow from operating activities</b>	25	13,467	10,539
<b>Returns on investments and servicing of finance</b>			
Dividends received from associated undertakings		622	820
Interest received		276	208
Interest paid		(468)	(161)
Ordinary dividends paid		(1,828)	(2,000)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(1,398)	(1,133)
<b>Taxation</b>			
UK corporation tax paid (including advance corporation tax)		(2,514)	(1,863)
Tax repaid		41	5
<b>Total tax paid</b>		(2,473)	(1,858)
<b>Investing activities</b>			
Purchase of subsidiary undertaking (net of cash and cash equivalents acquired)		(8,965)	-
Purchase of tangible fixed assets		(3,083)	(6,708)
Purchase of intangible fixed assets		(437)	-
Proceeds from sale of intangible asset		106	-
Purchase of part of minority shareholding		(1,013)	-
Disposal of tangible fixed assets		3,566	172
Disposal of shares in associate		-	463
Disposal of short term investment		-	(9)
<b>Net cash outflow from investing activities</b>		(9,826)	(6,082)
<b>Net cash (outflow)/inflow before financing</b>		(230)	1,466
<b>Financing</b>			
Redemption of share capital		(13,411)	-
Issue of loan stock	26	13,300	-
<b>Net cash (outflow)/inflow from financing</b>		(111)	-
<b>(Decrease)/increase in cash and cash equivalents</b>	28	(341)	1,466

## **NOTES TO THE ACCOUNTS**

### **Year ended 31 December 1996**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention as amended by the revaluation of certain fixed assets.

##### **Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiaries for the year ended 31 December 1996.

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits or losses and attributable taxation of the associated undertakings.

In the consolidated balance sheet the shares in the associated undertakings are shown at the group's share of the net assets of the associated undertakings.

##### **Acquisitions**

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off directly to reserves.

##### **Publishing and exhibition rights**

Publishing and exhibition rights are valued at cost.

The directors have reviewed the values of the various publishing and exhibition rights owned by the group and have concluded that as it is the group's practice to promote and maintain the value of its titles and exhibitions, the lives of these assets are indefinite and residual values are so high that no depreciation is required. Provision for permanent diminution in value is made where necessary.

##### **Tangible fixed assets**

Short leasehold properties are amortised over the period of the lease. No depreciation is usually charged on freehold land. When it has proved impossible to obtain a split between land and buildings for a property then the full cost has been depreciated. Other assets are depreciated by equal annual instalments over the anticipated lives of the assets, principally at the following rates:

Freehold buildings	2%
Vehicles, furniture and equipment	20% - 25%

##### **Investments**

Investments are stated at cost less provision for permanent diminution in value.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Stocks of magazine back issues are not valued.

Agricultural stock is included at independent professional valuation.

##### **Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**1. ACCOUNTING POLICIES (continued)**
**Loan stock**

Provision is made for the accrued premium payable on the redemption of redeemable loan stock.

**Foreign currency**

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account. The financial statements of foreign subsidiary undertakings are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiary undertakings at the closing rates is taken directly to reserves.

**Pension costs**

The company operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account in the period in which they become payable.

**Operating leases**

Rentals are charged to profit and loss in equal annual amounts over the lease term.

**2. TURNOVER**

Turnover represents revenue receivable and the value of goods (excluding VAT) sold to third parties. All turnover and profit before tax relates to the group's principal activity.

	1996 £'000	1995 £'000
<b>Geographical analysis</b>		
United Kingdom	84,326	73,555
Other European Countries	1,618	1,415
Other Countries	3,131	3,111
	<u>89,075</u>	<u>78,081</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1996 £'000	1995 £'000
<b>Directors' emoluments</b>		
Emoluments	<u>597</u>	<u>594</u>
Remuneration of chairman and highest paid director	<u>240</u>	<u>245</u>
	No.	No.
<b>Scale of other directors' remuneration</b>		
£ 165,001 - £170,000	1	1
£ 180,001 - £185,000	-	1
£ 190,001 - £195,000	1	-
	<u>739</u>	<u>708</u>
Average number of persons employed (including directors)		
	<u>739</u>	<u>708</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	1996 £'000	1995 £'000
<b>Staff costs during the year</b>		
Wages and salaries	17,608	16,300
Social security costs	1,759	1,652
Pension costs	828	705
	<u>20,195</u>	<u>18,657</u>

**4. OPERATING PROFIT**

	1996			
	Continuing activities £'000	Acquisitions £'000	Total £'000	1995 £'000
<b>Operating profit is after charging:</b>				
Depreciation	951	11	962	988
Rentals under other operating leases	323	19	342	322
Auditors' remuneration - audit	85	-	85	93
- other services	150	-	150	168
Loss on disposal of short term investment	-	-	-	9
Reorganisation costs	-	452	452	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**5. PROFIT ON DISPOSAL OF FIXED ASSETS**

	1996 £'000	1995 £'000
Profit on disposal of intangible assets	106	-
Profit on disposal of freehold property	65	-
	<u>171</u>	<u>          </u>

**6. INVESTMENT INCOME**

	1996 £'000	1995 £'000
Income from interests in associated undertakings	943	1,220
Income from other fixed asset investments	19	9
Interest receivable and similar income	340	37
	<u>1,302</u>	<u>1,266</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	1996 £'000	1995 £'000
Bank overdraft interest	70	90
Other interest payable	232	70
Premium on loan stock	166	-
	<u>468</u>	<u>160</u>

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995 - 33%) based on the profit for the year	3,097	2,848
Associated undertakings	319	408
Tax on franked investment income	-	2
Overseas tax	-	2
Double tax relief	-	(2)
	<u>3,416</u>	<u>3,258</u>
Adjustment in respect of prior years	(56)	(21)
	<u>3,360</u>	<u>3,237</u>

**9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY**

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the year amounted to £11,024,000 (1995 - £70,521,000) arising from intra group transactions.

**10. INTANGIBLE FIXED ASSETS**

Group	Publishing and exhibition rights £'000
<b>Cost or valuation</b>	
At 1 January 1996	16,484
Additions during the year	9,555
	<u>26,039</u>
At 31 December 1996	
<b>Accumulated amortisation</b>	
At 1 January 1996 and 31 December 1996	3,834
	<u>22,205</u>
<b>Net book value</b>	
At 31 December 1996	
	<u>12,650</u>
At 31 December 1995	

In February 1997 the group acquired publishing rights at a cost of £2,012,000.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**11. TANGIBLE FIXED ASSETS**

Group	Freehold properties £'000	Short leasehold properties £'000	Vehicles, furniture and equipment £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 1996	15,340	798	7,122	23,260
Foreign exchange translation differences	-	(13)	(14)	(27)
Additions	1,302	-	1,781	3,083
Acquisition of subsidiary undertaking	-	-	307	307
Disposals	(3,605)	(426)	(672)	(4,703)
Adjustment on revaluation	286	-	-	286
At 31 December 1996	13,323	359	8,524	22,206
<b>Accumulated depreciation</b>				
At 1 January 1996	551	724	5,329	6,604
Foreign exchange translation differences	-	(13)	(9)	(22)
Charge for the year	217	7	738	962
Acquisition of subsidiary undertaking	-	-	248	248
Adjustment on revaluation	(265)	-	-	(265)
Disposals	(201)	(387)	(590)	(1,178)
At 31 December 1996	302	331	5,716	6,349
<b>Net book value</b>				
At 31 December 1996	13,021	28	2,808	15,857
At 31 December 1995	14,789	74	1,793	16,656

Freehold properties comprise properties at open market value as determined by the directors of £10,500,000 (1995 - £7,063,000) and properties at cost of £2,521,000 (1995 - £7,726,000).

The net book value of freehold properties comprises land of £1,560,000 (1995 - £1,459,000), buildings of £7,661,000 (1995 - £6,268,000) and properties for which no split can be obtained of £3,800,000 (1995 - £7,062,000).

	Freehold properties £'000
The comparable amounts for properties at valuation determined according to the historical cost convention:	
Cost	10,902
Accumulated depreciation	(828)
Net book value at 31 December 1996	10,074
Net book value at 31 December 1995	7,063


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**12. INVESTMENTS HELD AS FIXED ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Shares in subsidiary undertakings (a)	-	-	359	359
Other investments (b)	244	243	-	-
	<u>244</u>	<u>243</u>	<u>359</u>	<u>359</u>

**(a) Shares in subsidiary undertakings**

The principal subsidiary undertakings, all of which are registered in England and Wales and operating principally in the United Kingdom, are as follows:

	<b>Percentage of equity held</b>	<b>Principal activity</b>
<b>Subsidiary undertakings</b>		
Haymarket Publishing Group Services Limited	100%	Magazine publishing
Haymarket Business Publications Limited	100%	Magazine publishing
Haymarket Medical Limited	100%	Magazine publishing
Haymarket Magazines Limited *	95%	Magazine publishing
Teesdale Publications Limited**	100%	Magazine publishing
Ansdell Street Properties Limited	100%	Property investment
Teddington Properties Limited	100%	Property investment
* Shares held by Haymarket Publishing Group Services Limited		
** Shares held by Haymarket Magazines Limited		

**(b) Other investments**

	<b>Associated undertakings</b>	<b>Other</b>	<b>Other</b>	<b>Total</b>
	<b>Unlisted</b>	<b>Listed</b>	<b>Unlisted</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 January 1996 and 31 December 1996	1	70	172	243
<b>Group share of undistributed post acquisition profits/(losses)</b>				
At 1 January 1996	-	-	-	-
Share of profit retained for the year	1	-	-	1
At 31 December 1996	1	-	-	1
<b>Net book value</b>				
31 December 1996	2	70	172	244
31 December 1995	1	70	172	243
			<b>1996</b>	<b>1995</b>
			<b>£'000</b>	<b>£'000</b>
Market value of investments listed on a recognised investment exchange			2,540	1,746





**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**12. INVESTMENTS HELD AS FIXED ASSETS (continued)**

Details of investments representing more than 10% of the company's issued share capital:

	Country of incorporation/ registration and principal place of operation	Percentage of equity held	Principal activity
<b>Associated undertakings:</b>			
Frontline Limited*	England and Wales	Ordinary 'A' shares 5% Ordinary 'C' shares 100% Ordinary 'E' shares 25% Ordinary 'F' shares 17%	Distribution of magazines
BBC Haymarket Exhibitions Limited*	England and Wales	50%	Organisation of exhibitions

\* Shares held by a subsidiary undertaking

Frontline Limited is treated as an associated company in view of the group's representation on that company's Board and the voting rights that the group holds.

**(c) Transactions with associated undertakings**

Frontline Limited is the Group's agent in relation to the sale of publications to third parties.

Distribution services totalling £1,478,000 were provided to the Group by Frontline Limited.

During the year the Group provided the following services to BBC Haymarket Exhibitions Limited:

	£
Administrative services	682,000
Editorial and advertising services	43,000
	<hr/>

Amounts owed to and from associated undertakings are shown in notes 14 and 15 to the accounts.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**12. INVESTMENTS HELD AS FIXED ASSETS (continued)**
**(d) Acquisition of subsidiary undertaking**

On 10 October 1996 the group acquired the whole of the issued share capital of Teesdale Publications Limited, its subsidiary undertakings and one small undertaking in common ownership, which together comprise the Teesdale Group, for £8,802,000 in cash including costs.

The acquisition was accounted for under the acquisition method of accounting.

	Net assets acquired £'000	Fair value adjustment £'000	Fair value to the Group £'000
Intangible fixed assets	-	9,118	9,118
Tangible fixed assets	59	-	59
Stocks	33	-	33
Debtors	507	(36)	471
Bank loans and overdrafts	(163)	-	(163)
Creditors	(716)	-	(716)
	<u>(280)</u>	<u>9,082</u>	<u>8,802</u>

The results of the Teesdale Group have been as follows:

	1 September 1995 to 31 August 1996 £'000	1 September 1996 to 30 September 1996 £'000
Turnover	3,208	252
Operating loss	(361)	(24)
Loss before taxation	<u>(362)</u>	<u>(24)</u>

There were no other recognised gains or losses in the two periods.

The Teesdale Group contributed £278,000 to the Group's net operating cash flows and utilised £64,000 for investing activities.

The net outflow of cash and cash equivalents in respect of the purchase of the Teesdale Group were as follows:

	£'000
Cash consideration	8,802
Bank overdrafts required	<u>163</u>
Total	<u>8,965</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**13. STOCKS**

	1996 £'000	1995 £'000
<b>Group</b>		
Raw materials and consumables	1,459	2,134
Finished goods	-	88
	<u>1,459</u>	<u>2,222</u>

Raw materials and consumables include £132,000 (1995 - £171,000) of agricultural stocks which are included at independent professional valuation.

The balance represents stocks of paper for which, in the directors' opinion, the replacement cost does not differ significantly from the value included in the financial statements.

**14. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
<b>(a) Falling due within one year</b>				
Trade debtors	11,835	10,032	-	-
Amounts owed by associated undertakings	4,180	830	-	-
Amounts owed by subsidiary undertakings	-	-	62,160	-
Other debtors	2,770	4,958	314	-
Prepayments and accrued income	2,677	5,488	-	-
	<u>21,462</u>	<u>21,308</u>	<u>62,474</u>	<u>-</u>

Other debtors includes £1,389,000 (1995 - £3,931,000) of taxation recoverable for the group and £nil (1995 - £nil) for the company.

	1996 £'000	1995 £'000	1996 £'000	1995 £'000
<b>(b) Falling due after more than one year</b>				
Amounts owed by subsidiary undertakings	-	-	15,792	68,424
Advance corporation tax recoverable	-	500	-	500
	<u>-</u>	<u>500</u>	<u>15,792</u>	<u>68,924</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft	838	490	-	-
1.667% unsecured loan stock (see note 16)	4,593	-	4,593	-
Trade creditors	7,757	6,393	-	-
Other creditors including taxation and social security	8,123	10,630	27	250
Accruals and deferred income	9,976	8,094	-	-
	<u>31,287</u>	<u>25,607</u>	<u>4,620</u>	<u>250</u>
Other creditors including taxation and social security:				
Corporation tax	4,494	6,968	27	250
Taxation and social security	1,644	1,500	-	-
Amounts owed to associated undertakings	895	1,192	-	-
Other creditors	1,090	970	-	-
	<u>8,123</u>	<u>10,630</u>	<u>27</u>	<u>250</u>

The bank overdraft is secured by fixed and floating charges on the assets of the group.

At the end of the year the group owed £25,640 and £16,811 to J L Masters and S P Tindall respectively.

During the year the Group entered into the following transactions with its Directors:

	<b>J L Masters</b>	<b>S P Tindall</b>
	<b>£</b>	<b>£</b>
Purchase of fixed and other assets from a subsidiary undertaking at professional valuation	318,550	-
Personal costs paid for by the group and fully reimbursed	58,000	107,000
Other costs paid for by the group and fully reimbursed	131,000	393,000
Income collected and repaid	161,000	310,000

During the year the Group entered into the following transactions with a shareholder:

	<b>£</b>
The Rt.Hon. M R D Heseltine	74,000
Personal costs paid by the Group and fully reimbursed	


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accruals	1,368	966	-	-
Unsecured loan stock 2004	1,019	963	-	-
1.667% unsecured loan stock	9,187	-	9,187	-
	<u>11,574</u>	<u>1,929</u>	<u>9,187</u>	<u>-</u>

Interest on the unsecured loan stock 2004 is payable at 0.25% below the base lending rate of National Westminster Bank Plc.

On 28 March 1996 the company issued £13,300,000 1.667% Unsecured Loan Stock to Walbrook Trustees (Jersey) Limited and R&H Trust Co (Jersey) Limited as trustees of trusts for the benefit of, or nominee for, certain members of the family of Mr J L Masters, a director of the company. The Stock is redeemable by three equal annual instalments commencing on 1 June 1997, at a premium of £480,360.

On 1 and 2 April 1997, the company issued £35,098,400 and £4,698,874 respectively 1.6087% unsecured loan stock. This loan stock is redeemable as follows:

	<b>£'000</b>
Within one year	13,266
Between two and five years	<u>26,531</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

Under the policy stated in note 1 no deferred tax is provided on capital allowances in excess of depreciation or surpluses on revaluation.

The unprovided amounts of deferred tax are:

	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>
Gain deferred by roll over relief	400	294
Capital losses	<u>(400)</u>	<u>(294)</u>
	<u>-</u>	<u>-</u>

**18. EQUITY MINORITY INTEREST**

During the year a subsidiary undertaking purchased part of the minority interest (see note 31).


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**19. CALLED UP SHARE CAPITAL**

	1995 and 1996	
	£'000	
Authorised:		
52,000,000 ordinary shares of 1p each		520
	No.	£'000
Allotted and fully paid:		
As at 1 January 1996	51,160,000	512
Redeemed during the year	(4,536,350)	(46)
As at 31 December 1996	46,623,650	466

On 29 March 1996, the company purchased from Walbrook Trustees (Jersey) Limited and R&H Trust Co (Jersey) Limited as trustees of trusts for the benefit of certain members of the family of Mr J L Masters, a director of the company, 4,536,350 ordinary shares of 1p each for an aggregate price, including associated costs of £13,411,000.

As at 31 December 1996, The Rt. Hon. and Mrs M R D Heseltine had between them a beneficial interest in 16,611,650 ordinary shares of 1p each in the company (representing approximately 36% of the company's share capital) and their Children's Trust had an interest in a further 9,184,760 shares (representing approximately 20%).

On 27 March 1997 the company entered into an agreement whereby it can be required to purchase 1,158,220 ordinary shares of 1p each. If the company is required to purchase these shares on or before 31 December 1997 the cost will be £3,518,325. Thereafter, the cost will be determined on the basis of the net asset value of the Group at the immediately preceding accounting date.

On 2 and 3 April 1997, the company purchased 13,100,845 ordinary shares of 1p each in the company for an aggregate price of £39,926,529.

**20. CAPITAL REDEMPTION RESERVE**

	£'000
As at 1 January 1996	-
Nominal value of shares redeemed during the year	46
As at 31 December 1996	46

**21. REVALUATION RESERVE**

	1996	1995
	£'000	£'000
<b>Group</b>		
At 1 January	3,361	3,493
Revaluation of freehold properties	551	(509)
Transfer from profit and loss account	12	377
At 31 December	3,924	3,361


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**22. MERGER RESERVE**

	<b>£'000</b>
<b>Group</b>	
At 1 January 1996 and 31 December 1996	<u>6,236</u>

**23. PROFIT AND LOSS ACCOUNT**

	<b>Group</b>		<b>Company</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January	14,350	9,350	68,521	-
Profit for the financial year	8,044	7,397	11,024	70,521
Dividends	(1,828)	(2,000)	(1,828)	(2,000)
Currency translation differences on foreign currency net investments	20	(20)	-	-
Adjustment on purchase of minority interest	707	-	-	-
Redemption of share capital, with associated costs	(13,411)	-	(13,411)	-
Transfer to revaluation reserve	(12)	(377)	-	-
At 31 December	<u>7,870</u>	<u>14,350</u>	<u>64,306</u>	<u>68,521</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £'000	1995 £'000
<b>Group</b>		
Profit for the financial year	8,044	7,397
Foreign exchange differences	20	(20)
Dividends	(1,828)	(2,000)
	<u>6,236</u>	<u>5,377</u>
Redemption of share capital	(13,411)	-
Adjustment on revaluation of freehold properties	551	(509)
Adjustment on purchase of minority interest	707	-
	<u>(5,917)</u>	<u>4,868</u>
Opening shareholders' funds	24,459	19,591
Closing shareholders' funds	<u>18,542</u>	<u>24,459</u>
<b>Company</b>		
Profit for the financial year	11,024	70,521
Dividends	(1,828)	(2,000)
	<u>9,196</u>	<u>68,521</u>
Redemption of share capital	(13,411)	-
Net (reduction)/addition to shareholders' funds	(4,215)	68,521
Opening shareholders' funds	69,033	512
Closing shareholders' funds	<u>64,818</u>	<u>69,033</u>

**25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1996 £'000	1995 £'000
Operating profit	10,450	9,725
Loss on short term investment	-	9
Loss on disposal of associated undertaking	-	(29)
Depreciation (net of profits on disposal)	992	910
Foreign exchange adjustment	20	(20)
Increase in debtors	(2,225)	(1,458)
Decrease/(increase) in stocks	795	(444)
Increase in creditors	3,435	1,846
	<u>13,467</u>	<u>10,539</u>
Net cash inflow from operating activities		




**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Share capital 1996 £'000	Loan stock 1996 £'000
Balance at 1 January	512	963
Cash (outflow)/inflow from financing	(13,411)	13,300
Premium payable on and interest accrued on loan stock	-	536
Redemption of share capital, with associated costs	13,411	-
Transfer to capital redemption reserve	(46)	-
	<u>466</u>	<u>14,799</u>

**27. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1996 £'000	1995 £'000
Balance as at 1 January	(296)	(1,762)
Acquisition of subsidiary	(163)	-
Net cash (outflow)/inflow	<u>(178)</u>	<u>1,466</u>
Balance as at 31 December	<u>(637)</u>	<u>(296)</u>

**28. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1996 £'000	Change in year £'000	1995 £'000	Change in year £'000	1994 £'000
Cash at bank and in hand	201	7	194	(150)	344
Bank loans and overdraft	<u>(838)</u>	<u>(348)</u>	<u>(490)</u>	<u>1,616</u>	<u>(2,106)</u>
	<u>(637)</u>	<u>(341)</u>	<u>(296)</u>	<u>1,466</u>	<u>(1,762)</u>

**29. CAPITAL COMMITMENTS**

There were capital commitments of £205,000 at 31 December 1996 (1995 - £950,000) relating to the group and £nil (1995 - £nil) relating to the company.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**
**30. OPERATING LEASE COMMITMENTS**

As at 31 December 1996 the group was committed to making the following payments during the next year in respect of operating leases:

	<b>Group</b>			<b>Company</b>
	<b>Motor vehicles £'000</b>	<b>Land and buildings £'000</b>	<b>Total £'000</b>	<b>Land and buildings £'000</b>
Leases which expire:				
Within one year	7	-	7	-
Within two to five years	68	64	132	-
After five years	-	259	259	-
	<hr/>	<hr/>	<hr/>	<hr/>
	75	323	398	-
	<hr/>	<hr/>	<hr/>	<hr/>

**31. CONTINGENT LIABILITIES**

A subsidiary undertaking has granted a put option to a shareholder in another subsidiary undertaking under which it may be required to purchase all or part of the shareholding. The maximum liability under this put option as at 31 December 1996 was £876,000.

**32. PENSION SCHEME**

The principal scheme operated by the group is a defined contribution scheme in which eligible employees participate in personal pension plans to which the company contributes 8% and the employees contribute a minimum of 5% of relevant earnings. The assets of the individual plans are held separately from those of the company in independently administered funds.