

EMEDIA DISTRIBUTION LIMITED

1.

Registered in England No. 3051908

Directors:

H S Crawshaw (appointed 5.6.95; resigned 4.3.97)
P D Bacon (appointed 5.6.95; resigned 3.5.96)
J Wrobel (appointed 1.6.96; resigned 4.3.97)
R J Key (appointed 4.3.97)
N Phelps (appointed 4.3.97)

Secretary and Registered Office:

R J Key, 19 Gorselands, Newbury, Berks, RG14 6PU

Principal Activity

The company was incorporated on 1st May 1995 and started trading on 26th July 1996. Its principal activity is the distribution of electronic media.

Directors

The above named served as directors as indicated. The Directors' shareholdings during the period have been as follows:

		Ordinary Shares of £1 each	
		30th September 1996	1st May 1995
H S Crawshaw) as nominees for Catalyst		1	1
P D Bacon) Electronic Publishing Limited	-	-	-
J Wrobel	-	-	-

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- 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, A J Carter & Co, Chartered Accountants, have indicated their willingness to be re-elected to office under Section 385 of the Companies Act 1985.

This report takes advantage of special exemptions available to small companies.

By Order of the Board

Newbury, Berks.
25th April 1997

Secretary

R J Key



AUDITORS' REPORT
to the Shareholders of Emedia Distribution Limited

We have audited the financial statements on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies on pages 5.

Respective Responsibilities of Directors and Auditors

As described on page 1, 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, of those statements and to report our opinion to you.

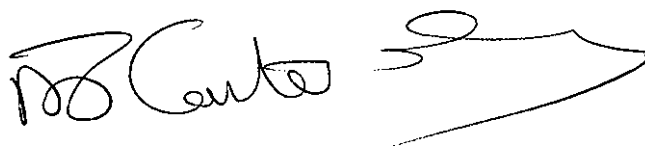
Basis of opinion

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 30th September 1996 and of its loss for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Chartered Accountants
and Registered Auditors

A J Carter & Co
22b High Street
WITNEY
Oxon
OX8 6HB

25th April 1997

EMEDIA DISTRIBUTION LIMITED

3.

**PROFIT AND LOSS ACCOUNT
for the period from 1st May 1995 to 30th September 1996**

Notes	£
2. TURNOVER	33,831
Cost of sales	<u>23,171</u>
GROSS PROFIT	10,660
Administrative expenses	<u>10,972</u>
3. OPERATING LOSS	(312)
4. TAXATION	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND LOSSES carried forward	£ <u>(312)</u>

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 5 and 6 form part of these financial statements.

EMEDIA DISTRIBUTION LIMITED

4.

BALANCE SHEET

30th September 1996

Notes

£

£

CURRENT ASSETS

Factoring account	4,053
Trade debtors	25,592
Cash at bank and in hand	<u>9,622</u>
	39,267

CREDITORS (amounts falling due within one year)

Amount due to holding company	10,094
Social Security and other taxes	5,714
Trade creditors	23,171
Accruals	<u>500</u>
	39,479

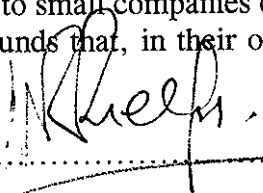
NET CURRENT LIABILITIES

£ (212)

CAPITAL AND RESERVES

5.	Called up share capital	100
	Profit and Loss account	<u>(312)</u>
6.	Shareholders' funds	£ <u>(212)</u>

In preparing these accounts, the directors have taken advantage of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985, on the grounds that, in their opinion, the company qualifies as a small company.


.....Director

Approved 25th April 1997

The notes on pages 5 and 6 form part of these financial statements.

NOTES TO THE ACCOUNTS
for the period from 1st May 1995 to 30th September 1996

1. Accounting Policies

i) Accounting Convention -

The accounts of the company are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

ii) Cash Flow Statement -

The company qualifies as a small company within the meaning of Section 247 of the Companies Act 1985 and is therefore exempted from the requirement to prepare a cash flow statement in accordance with Financial Reporting Standard 1.

iii) Turnover -

The turnover represents charges for work done exclusive of VAT.

2. Turnover

The turnover and loss before taxation is attributable to the one principal activity of the company. The turnover all arose from the United Kingdom.

3. Operating Loss **1996**

The operating loss is after charging:	£
Auditors' remuneration	500

4. Tax on profit on Ordinary Activities

a) Corporation tax

There is no corporation tax charge for the period due to the losses incurred. The company has tax losses of £312 available to carry forward, subject to the agreement of the Inland Revenue.

b) Deferred taxation

The Corporation Tax charge for the period has not been reduced due to accelerated capital allowances or any other timing difference. No provision for deferred taxation is therefore necessary.

EMEDIA DISTRIBUTION LIMITED

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NOTES TO THE ACCOUNTS
for the period from 1st May 1995 to 30th September 1996 (continued)

5.	Called up Share Capital	30-9-96	1-5-95
		£	£
	Authorised:		
	100 Ordinary shares of £1 each	100	100
	Allotted, Issued and Fully paid:		
	100 Ordinary shares of £1 each	100	2

During the period the company issued 98 Ordinary £1 shares at par.

6.	Reconciliation of Movement of Shareholders' Funds	1996
		£
	Loss for the period	(312)
	New shares issued during the period	<u>98</u>
	Net reduction during the period	(214)
	Shareholders' funds at beginning of period (Subscriber shares)	<u>2</u>
	Shareholders' funds at end of period (deficit)	£(<u>212</u>)

7. Ultimate Holding Company

The ultimate holding company is Catalyst Electronic Publishing Limited, a company incorporated in England and Wales.