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1997

Annual Report & Accounts

Euromoney

Publications PLC

CONTENTS

Chairman's Statement

We passed three milestones last year. We grew our profits to a record £30 million. We bought Institutional Investor. And we raised our first syndicated loan to finance the acquisition.

Our results broke all previous records. We raised profits by nearly a fifth; earnings by the same; and, if you agree, we will pay a record dividend and still increase our dividend cover.

The acquisition for $142 million of Institutional Investor Inc, one of the strongest brands in US publishing, significantly changes both the size and shape of your company. In terms of revenues, it increases the company's size by almost half: II's turnover last year was £53 million, compared with £126 million for the rest of the Euromoney group. In terms of people, the acquisition adds 498 people to bring the total number of group employees to 1,419. II's profits for the year were £5.3 million after reorganisation costs, giving a margin of 10% of sales, against 23.6% for the rest of the group, and a combined margin of 19.5%.

Nearly all our businesses did well. Some did outstandingly well, particularly training; the specialist magazine division; *Latin Finance; Euroweek;* Engel Publishing in New Jersey; Coaltrans; and conferences and seminars. *Business Traveller* entered the group and made a good first contribution.

The acquisition changes the shape of the group in other ways. Largely because of II's strong newsletter business, subscription income is now a fifth of total revenues, up from 10%, thus improving the quality of overall earnings; while financial publishing is now 45% of total revenues compared to a third before the acquisition. And, as 90% of II's revenues arise in the US, compared to 13% for Euromoney pre-II, we are now less exposed to emerging markets and more to the world's largest economy.

We are pleased with progress at II. We reorganised senior management, promoted six II people to its board, appointed a new editor to *Institutional Investor,* and seconded David Levin, our chief operating officer, to New York to be president of the company. In September, our first month of ownership, II contributed £714,000 to group profits before interest but after reorganisation charges. Since year-end we sold two businesses that did not fit the enlarged group: *Bankstat,* a database, and *SELL!NG,* a magazine. We realised $4.6 million from these sales and used the proceeds to reduce debt.

To finance the acquisition, we arranged a five-year loan facility of $150 million and drew down $143 million of this. At year-end, before the disposals of *Bankstat* and *SELL!NG,* our net debt had fallen to £63 million. We also put the appropriate hedges in place to protect our earnings against higher US interest rates over the term of the loan.

We invested nearly £10 million in other acquisitions during the year. The largest of these was Mondiale, which publishes *Office Products International* and runs events for this flourishing international industry. We paid £1.6 million for a 75% shareholding in Perry Publications, publisher of *Business Traveller*. We also increased our holdings (in some cases to 100%) in Adhesion; Amembal & Deane; Engel Publishing; International Media Partners; MIS; and Petroleum Economist.

During the year we made substantial progress in upgrading our subscription marketing by investing in a new marketing system and hiring better qualified people. This cost £1.2 million and was charged against profits. We invested a further £1 million in start-ups, mainly in databases and electronic publishing and, again, charged this against profits.

We also made very good progress in deepening and widening the management of the company, partly in response to the acquisition of II, but more as part of the challenges we set ourselves in 1994/95. In addition, we stepped up our programme of recruiting good graduates and training them. We continued to invest much senior management time in training managers, and we launched our first Management Development Programme, which will be run every year, for future managers.

Four years ago, I reported the board's decision to increase the cover on the dividend to two times, depending on future profits growth. This year, if shareholders agree, the total payout will be 56.5% of earnings (as compared to 66.9% four years ago) and will still be a record total of 51p which, as I write, provides a handsome yield of 4% on your shares. At the interim, we decided to smooth some of the difference between the interim and final and raised the interim by 4p to 18p.

We believe we are now a very well spread group in terms of the geographical sources of our revenues, the industries we serve, and our products that service them. Forty per cent of our revenues now arise in Europe, while the proportion from the US has risen to a third and the remaining 27% arise in the rest of the world. In spite of periodic upsets such as we see now in emerging markets and in Japan, we are confident that we have the right strategy to keep growing.

I thank all our people for their efforts in producing such a good result and for their determination to continue to do so. I welcome our new colleagues at II and I look forward to this new era for your company.

Padraic Fallon
Chairman
December 12 1997

Operating & Financial Review

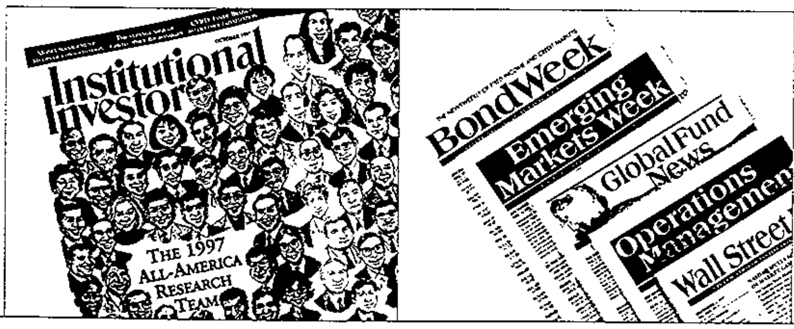
The group's good results last year reflected strong underlying performances in almost all our businesses.

The activity in international financial markets helped our financial publishing and training businesses including, in particular, *Euromoney, Latin France, Euroweek* and *Global Investor,* while business publishing, conferences and seminars also did especially well. The results from relatively newly acquired businesses such as MIS, Raven Fox, IMP, Adhesion and Engel Publications continued to be very encouraging while we had satisfactory first contributions from *Business Traveller* and Mondiale, the publishers of *Office Products International.*

Acquisitions

At the end of August we bought Institutional Investor Inc for US$142 million. This is much our largest acquisition to date and takes us very significantly into the North American financial publishing market. The revenues of the group now come almost equally from North America, Western Europe including the UK and the rest of the world, especially Central Europe, Asia and Latin America. II publishes magazines, 23 newsletters, 11 journals and runs a series of membership organisations and sponsored conferences. The new business fits well with Euromoney and the initial integration has gone well. Integrating II, while improving its margins and maintaining its excellent revenue growth record, presents an outstanding opportunity and challenge for the group in the coming years.

During the year, we spent £9.7 million on other acquisitions and increasing our interests in existing businesses. Since the year end, we have completed the purchase of the outstanding 49% interest in *Latin Finance,* funded by the issue of new shares.



Growth and Investment

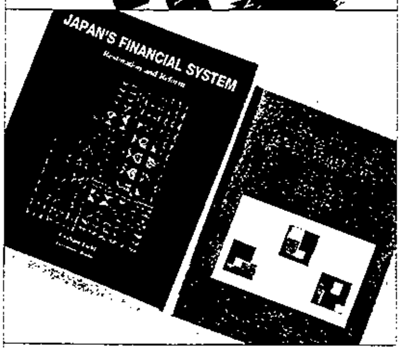
We have continued to invest in the development of new businesses as start-ups have always been an important source of long-term growth in profits. In particular, we are focusing start up attention on electronic publishing products. CapitalNET, our new intranet and database product, our various Internet sites including a new legal site as well as the now profitable *Euromoney.com* site, CD Rom training and publishing, and the Project and Trade Finance, Asian and Emerging Markets databases should all help increase our range of electronic media. New events in our conference and training businesses are among many new products in more traditional publishing fields.

In addition, we are building a new marketing database to improve further our capabilities in this area and have increased significantly our spend on building subscription income which we regard as our highest quality earnings and fundamental to the long term success of the company.

Management, Accounting and Control

We continue to strengthen the central management team and have appointed a Director of Operations to take over some of David Levin's non-US responsibilities and a manager responsible for the implementation of our new marketing database. Because of the expansion of the business we believe it will be necessary to further build this team.

Euromoney continues to pursue the conservative accounting policies that have been in place for many years. All new business investment, as well as stocks of publications and event materials, is written off. Internal controls and procedures have been further improved last year while we have continued to invest in new technology and improved accounting systems. Quality control in our publications is enforced through the requirement for all our journalists and editors to attend a libel training course each year.

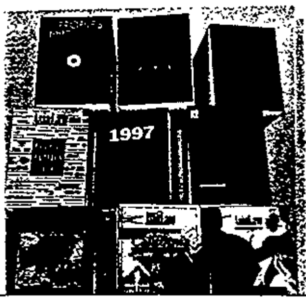


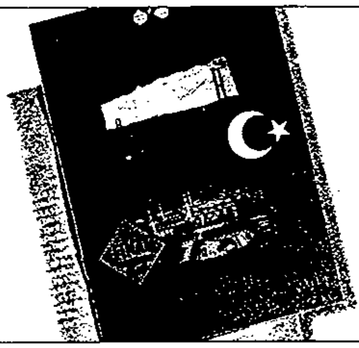
Training

Our internal programmes were expanded last year with the introduction of a Management Development Programme to help us build good middle managers capable of taking on businesses, starting new businesses and growing into senior management roles. Entrepreneurial publishers – whether of publishing or event businesses – are key to the future growth of the group and we allocate considerable senior management time to teaching these internal courses. While we do occasionally recruit externally we have consistently found most of our best people are grown internally.

Tax and Treasury

A significant portion of the group's revenues are received in US dollars and the group has continued its policy of hedging 80% of expected dollar revenues six months ahead and 50% one year ahead. This hedging policy was extended during the year to the French franc following the growth of our Adhesion convention business.






The dollar denominated debt taken on to finance the acquisition of II will be repaid from our dollar cash flows, thus providing a natural hedge. In addition, the interest exposure has been hedged using interest rate swaps and caps.

The tax rate was 30.3% for the year, compared with 32.2% in 1995/96. The fall in the rate is due to the reduction in the UK corporate tax rates from 33% to 31% as well as the favourable tax treatment of goodwill on acquisition in the US. We expect the II acquisition to further reduce the tax charge in the coming year.

Our businesses are strongly cash generative and we maintain an overall negative working capital balance. We are working to improve our cash management procedures as we are acutely aware of the need to repay the debt raised to finance the purchase of II. By September 30, the group's net debt had already been reduced to £63 million. Syndication of the outstanding debt by Midland Bank, the finance providers, is in progress.

Going Concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Richard Ensor
Managing Director
December 12 1997

Directors' Report

The directors submit their annual report and group accounts for the year ended September 30 1997.

The company

The company was incorporated in England and Wales as a private company on May 22 1969. The company re-registered as a public limited company on May 16 1986. On June 25 1986 the ordinary share capital of the company was admitted to the Luxembourg Stock Exchange. On January 22 1990 the ordinary share capital of the company was admitted to the London Stock Exchange.

Principal activities and business review

Euromoney is a leading international business to business publisher, focused primarily on international finance, as well as other niche sectors. It publishes more than 60 magazines as well as surveys, directories and books. Euromoney also runs business conferences, seminars, training courses and exhibitions. Euromoney is a leading provider of electronic business information through its capital market databases and has recently established a number of successful Internet sites. A review of operations and business developments is given in the operating and financial review on pages 4 to 7.

Group results and dividends

The group profit for the year available to shareholders amounted to £19,296,000. The directors recommend a final dividend of 33 pence per ordinary share, payable on January 26 1998 to shareholders on the register on December 12 1997. An interim dividend of 18 pence per ordinary share was declared on May 22 1997 and paid on June 30 1997. The total dividend payable of 51 pence per ordinary share amounts to £10,905,000.

Post balance sheet event

On November 14 1997, Euromoney announced that it had completed the acquisition of the remaining 49% minority interest in its Latin Finance business. The acquisition was funded by the issue of 384,024 new Euromoney shares, with a market value at the date of acquisition of £6.6 million.

The Latin Finance business comprises Latin American Financial Publications Inc, which publishes *Latin Finance* magazine, Latin Finance Special Projects Limited Partnership, which organises conferences covering financial developments in Latin America, and Euromoney Allied General Partners Inc, a non-trading partner in Latin Finance Special Projects Limited Partnership.

On November 26 1997, Euromoney announced that its subsidiary undertaking, Institutional Investor Inc, had completed the sale of two of its businesses, *Bankstat* and *SELLING*, for a total cash consideration of £2.8 million.

Directors and their interests

The names of the directors who served during the year are listed on page 44. Under the articles of association, The Viscount Rothermere, Sir Patrick Sergeant, Mr JC Botts and Mr T Hosomi retire and, being eligible, offer themselves for re-election. Details of the interests of the directors in the ordinary shares of the company and of options held by the directors to subscribe for ordinary shares in the company are set out in the report of the remuneration committee on pages 13 to 17.

Non executive directors

The Viscount Rothermere is chairman of Daily Mail and General Trust plc, an intermediate parent undertaking.

Sir Patrick Sergeant is a founder of Euromoney Publications PLC and was chairman until September 30 1992. He is a non-executive director of Daily Mail and General Trust plc.

Mr CJF Sinclair and Mr JP Williams are executive directors of Daily Mail and General Trust plc.

Mr T Hosomi is chairman of NLI Research Institute, a former special adviser to the Japanese Minister of Finance and a former adviser to the Industrial Bank of Japan.

Mr JC Botts is chairman of Botts & Company Limited and was formerly head of Citicorp's investment banking business in Europe.

Directors' Report *continued*

Significant shareholdings

At September 30 1997 notification had been received of the following interests of 3% or more in the company's ordinary share capital:

	No. of shares	Percentage
Associated Newspapers Holdings Limited	15,511,906	72.54
Prudential Corporation group of Companies	1,478,039	6.91
Lloyds TSB Group	1,025,000	4.79

Banque Internationale à Luxembourg SA has issued international depositary receipts in bearer form in respect of shares registered in its name. These amount in total to 403,500 shares (1.89%).

At December 2 1997 the above shareholdings had changed as follows:

	No. of shares	Percentage
Associated Newspapers Holdings Limited	15,511,906	71.29
Prudential Corporation group of Companies	1,492,276	6.86
Lloyds TSB Group	1,025,000	4.71

Authority to purchase own shares

The company's authority to purchase its own shares expires at the conclusion of the next annual general meeting of the company, to be held on January 22 1998. A resolution to renew this authority for a further period will be put to shareholders at this meeting.

Political and charitable contributions

During the year the group spent £10,860 (1996 – £8,150) on charitable contributions. There were no political contributions.

Disabled employees

It is the group's policy to give full and fair consideration to applications for employment from people who are disabled; to continue wherever possible the employment of, and to arrange appropriate training for, employees who become disabled; and to provide opportunities for the career development, training and promotion of disabled employees.

Employee involvement

The group recognises the importance of good communication in relationships with its staff. This is pursued in a number of ways, including decentralisation of decision making, training and regular meetings between management and staff, which seek to achieve common awareness on the part of all employees of the financial and economic circumstances affecting the group's performance. Many employees participate directly in the success of the business through involvement in the group's profit sharing schemes and profit related pay scheme.

Supplier payment policy

Each Euromoney business agrees payment terms with its suppliers on an individual basis and it is group policy to make payments in accordance with these terms. The company had 51 days of purchases in creditors at September 30 1997.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

Annual general meeting

The annual general meeting of the company will be held on January 22 1998.

By order of the board

CR Jones
Company Secretary
December 12 1997

Corporate Governance

Statement by the directors on compliance with the Code of Best Practice

The directors are pleased to report that the company has been in compliance throughout the year with the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee).

A statement of the directors' responsibilities in respect of the accounts is set out on page 18. Below is a brief description of the role of the company's board and its committees followed by a statement regarding the group's system of internal financial control. A report by the company's auditors on our corporate governance matters is set out on page 12.

The workings of the board and its committees

The board

The board comprises six non-executive directors and eleven executive directors, and is responsible to shareholders for the proper management of the group. Board meetings are held each month to review trading performance, ensure adequate funding, set and monitor strategy, examine major acquisition possibilities and report to shareholders. The following committees deal with specific aspects of the group's affairs.

Audit committee

The audit committee comprises three non-executive directors; John Botts (chairman), Sir Patrick Sergeant and Peter Williams, and meets at least twice a year. The committee provides a forum for reporting by the group's external and internal auditors. Meetings are also attended, on invitation, by the finance director.

The audit committee is responsible for reviewing a range of financial matters including the half-year and annual accounts before their submission to the board and overseeing the controls necessary to ensure the integrity of the financial information reported to shareholders. The audit committee advises the board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The audit committee also reviews the internal auditor's programme of work and receives a report of his findings.

Remuneration committee

The remuneration committee is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance related profit share schemes. The report of the remuneration committee, which includes details of directors' remuneration and interests in share options, together with information on their service contracts, is set out on pages 13 to 17.

Nominations committee

The nominations committee comprises the chairman and managing director of the company and three non-executive directors. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the board.

Executive committee

The executive committee is chaired by the company chairman and comprises the executive directors together with key senior executives. It meets each month and discusses key operational decisions.

Internal financial control procedures

The board is responsible for establishing and maintaining the group's system of internal financial control. Internal control systems are designed to meet the particular needs of the group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal financial control are as follows:

Management structure

The board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board. Each executive director has been given responsibility for specific aspects of the group's affairs. The executive directors together with key senior executives constitute the executive committee.

Accounting controls and procedures

Responsibilities in respect of accounting controls and procedures are regularly reviewed, and communicated throughout the group. These include delegation of authority, authorisation levels, segregation of duties and other control procedures as well as accounting policies. The group's tax, cash and foreign exchange positions are overseen by the tax and treasury committee.

Corporate Governance *continued*

Quality and integrity of personnel

The integrity and competence of personnel is ensured through high recruitment standards and a commitment to management and business skills training. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the employee handbook provided to all employees.

Identification of business risks

The board is responsible for identifying the major business risks faced by the group and for determining the appropriate course of action to manage those risks. The internal auditor also focuses on these risk areas.

Annual forecast process

Each year the board approves the annual forecast. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the board of variances from the forecast. Revised forecasts for the year, together with information on the key risk areas, are also presented to the board. In addition, the board considers longer term financial projections as part of its regular discussions on the group's strategy.

Investment appraisal

Capital expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals must be submitted to the board. Reviews are carried out to monitor expenditure and any major overruns are investigated.

Proposals for new businesses are considered by business group managers and the managing director. Proposals beyond specified limits are put to the board for approval. Progress reports on new businesses are also submitted to the board. All acquisitions are approved by the board and are subject to due diligence by the group finance team and, if necessary, independent advisers.

Internal audit

The internal auditor's responsibilities include ensuring that all management and financial controls are being adhered to. He reports to management and to the audit committee.

Audit committee

The audit committee monitors, through reports to it by the internal auditor, the controls which are in force and any perceived gaps in the control environment. The audit committee also considers and determines relevant action in respect of any control issues raised by the external auditors.

The directors confirm they have reviewed the effectiveness of the group's system of internal financial control in operation during the year.

On behalf of the board

Padraic Fallon
Chairman
December 12 1997

Report by the auditors of Euromoney Publications PLC on corporate governance matters

In addition to our audit of the accounts we have reviewed the directors' statements on pages 10 and 11 concerning the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the accounts. The objective of our review is to draw attention to any non-compliance with Listing Rules 12.43(j) and 12.43(v).

We carried out our review in accordance with guidance issued by the Auditing Practices Board and assessed whether the directors' statements on going concern and internal financial control are consistent with the information of which we are aware from our audit. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or the company's corporate governance procedures, nor on the ability of the group to continue in operational existence.

Opinion

With respect to the directors' statements on internal control, other than statements going beyond internal financial control, which are outside the scope of our report, on pages 10 and 11 and going concern on page 7, in our opinion the directors have provided the disclosures required by the Listing Rules referred to above and such statements are consistent with the information of which we are aware from our audit work on the accounts.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on page 10 appropriately reflects the company's compliance with the other paragraphs of the Code specified for our review by the Listing Rule 12.43(j).

Ernst & Young

Ernst & Young
Chartered Accountants
Becket House
1 Lambeth Palace Road
London SE1 7EU
December 12 1997

Report of the Remuneration Committee

Statement of compliance

Throughout the year the company complied with Section A of the Best Practice Provisions on remuneration committees as annexed to the Listing Rules of the London Stock Exchange.

Remuneration committee

The Euromoney remuneration committee was established in 1993. The members of the committee are The Viscount Rothermere, its chairman, Sir Patrick Sergeant and Mr CJF Sinclair. All of them are non-executive directors of the company and have no personal financial interests in the company (other than as shareholders), no conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business. The committee consults the chairman and managing director about its proposals and seeks professional advice from outside the company where appropriate.

Policy on executive directors' remuneration

Euromoney believes in aligning the interests of shareholders with those of managers. The two consistent objectives in its remuneration policy since the company's inception in 1969 have been the maximisation of earnings a share and the creation of shareholder value.

The first objective is achieved through a comprehensive profit sharing scheme that links the pay of executive directors and managers to the profits and growth of profits of the group or parts of the group. This is completely variable with no guaranteed floor and no ceiling.

The creation of shareholder value is encouraged through an executive share option scheme. The company's previous scheme was approved by shareholders in 1985 and expired in 1995, although options granted under this scheme may be exercised before various dates through to 2005. A new executive share option scheme was approved by shareholders at the annual general meeting on January 18 1996 and the performance criteria under which options granted under this scheme may be exercised are set out on page 17.

During the year share options were granted to Mr CR Jones, Mr R Jell and Mr E Bounous in single blocks, rather than phased as recommended by the Code of Best Practice. The remuneration committee believes that the granting of share options in single blocks is wholly appropriate where it is necessary to secure the long-term commitment of key executives and to bring their remuneration in line with market rates.

All those on profit shares are well aware that if profits rise, so does their pay. Similarly if profits fall, they earn less and the company's payroll costs fall. The profit shares of executive directors and senior managers now make up much of their total pay. For example, of the total remuneration of the eleven executive directors for the year, 81% was based on group profits or on profits of parts of the group.

As part of the policy of profit sharing, Euromoney is divided into a number of profit centres. The manager of each profit centre is paid a profit share related to its profits and profit growth. Each profit centre is part of a business group. Each business group manager has an incentive based on the business group's profits before tax or the growth in profits before tax. Profit sharing encourages directors and managers to grow their businesses, to launch new ventures and to search for acquisitions that would fit well with their businesses.

The directors believe that the profit sharing and share option arrangements are responsible for much of the company's success since 1969. These serve shareholders by aligning the interests of the directors and managers with those of shareholders and will contribute to the performance that we seek in the coming years.

The remuneration of the non-executive directors is determined by the board within the limits set out in the company's articles of association.

In framing the company's remuneration policy for executive directors, the remuneration committee has given full consideration to Section B of the Best Practice provisions annexed to the Listing Rules of the London Stock Exchange.

Directors' remuneration	1997 Fees as a director £	1997 Salary and benefits £	1997 Profit share £	1997 Total £	1996 Total £	1997 Pension contributions £	1996 Pension contributions £
The Viscount Rothermere	24,846	—	—	24,846	26,061	—	—
Sir Patrick Sergeant	49,692	6,875	—	56,567	58,937	—	—
CJF Sinclair	24,846	—	—	24,846	26,061	—	—
T Hosomi	24,846	—	—	24,846	26,061	—	—
JP Williams	24,846	—	—	24,846	26,061	—	—
JC Botts	24,846	—	—	24,846	26,061	—	—
PM Fallon	24,846	105,481	1,343,436	1,473,763	1,333,785	528,800	378,800
PR Ensor	24,846	83,878	1,210,987	1,319,711	1,092,210	235,893	216,657
NJ Bance	—	80,151	—	80,151	71,782	13,102	3,993
NF Osborn	—	87,763	276,465	364,228	336,977	13,867	13,863
DC Cohen	—	58.609	307,461	366,070	216,916	48,413	48,240
CR Brown	—	71,731	311,126	382,857	239,757	5,724	5,909
GB Strahan	—	57,934	19,294	77,228	89,360	33,723	33,612
DS Levin	—	114,873	111,830	226,703	176,957	19,708	31,165
E Bounous	—	42,230	107,766	149,996	—	3,282	—
R Jell	—	40,193	5,008	45,201	—	3,064	—
CR Jones	—	66,732	23,799	90,531	—	5,638	—
TA Steel	—	—	—	—	9,953	—	597
	223,614	816,450	3,717,172	4,757,236	3,756,939	911,214	732,836

Fees as a director include fees paid as a director of subsidiary companies. Five of the directors have waived profit shares in respect of the current and future years as follows: PM Fallon £528,800; PR Ensor £230,000; NF Osborn £8,674; DC Cohen £44,400; GB Strahan £30,000.

The remuneration of E Bounous, R Jell and CR Jones is their remuneration since appointment as directors on November 29 1996.

Directors' pensions

The executive directors can participate in the company's defined benefit scheme, The Harmsworth Pension Scheme, or a money purchase scheme. At September 30 1997 there were three directors in the defined benefit scheme, seven in the money purchase scheme and one director in both.

Under the defined benefit scheme, the following pension benefits have been earned by the directors:

Director	Increase in accrued pension during the year £	Transfer value of increase £	Accumulated total accrued pension at year end £
PR Ensor	629	3,796	23,148
CR Brown	1,753	11,578	14,724
R Jell	869	8,405	2,881
CR Jones	1,347	4,648	1,579

The pension entitlement shown is that which would be paid annually on retirement based on service to September 30 1997. The increase in accrued pension during the year excludes any increase for inflation. The transfer value has been calculated on the basis of actuarial advice in accordance with the Actuarial Note GN11 less directors' contributions. The normal retirement age for the defined benefit scheme is 62 years.

Report of the Remuneration Committee *continued*

Directors' interests

The interests of the directors and their families in the ordinary shares of the company as at September 30 1997 and October 1 1996 were as follows:

	Ordinary shares of 1p each	
	September 30 1997	October 1 1996
PM Fallon	**174,068**	174,068
PR Ensor	**30,750**	30,750
Sir Patrick Sergeant	**92,676**	92,676
CJF Sinclair	**1,000**	—
NF Osborn	**4,400**	4,400
DC Cohen	**4,104**	4,104
GB Strahan	**2,685**	3,585
JP Williams	**250**	250

At October 1 1996 and at September 30 1997, The Viscount Rothermere was beneficially interested in 746,700 ordinary shares and non-beneficially interested in 10,000 preference shares of Rothermere Continuation Limited, the company's ultimate holding company. At September 30 1997, trusts in which The Viscount Rothermere had a non-beneficial interest held 3,600 ordinary shares in the company (1996 – 8,000). On December 9 1996 Mr NJ Bance exercised an option to acquire 4,405 ordinary shares in the company at £5.98. On December 10 1996 Mr NJ Bance sold 4,405 ordinary shares in the company at £13.85 a share. There have been no changes in directors' interests since October 1 1997.

The interests of the directors as defined under section 198 of the Companies Act 1985 in the shares of Daily Mail and General Trust plc were as follows:

	Ordinary shares of 50p each		'A' ordinary non-voting shares of 50p each	
	September 28 1997	October 1 1996	September 28 1997	October 1 1996
PM Fallon	**1,000**	1,000	**9,000**	9,000
Sir Patrick Sergeant	**1,000**	1,000	**9,000**	9,000
The Viscount Rothermere	**2,645,357**	2,578,333	**16,357,125**	16,417,475
CJF Sinclair	—	—	**25,466**	22,472
JP Williams	—	—	**8,597**	6,536

In addition, The Viscount Rothermere had a non-beneficial interest as a trustee at September 28 1997 in 45,000 ordinary and 8,165,132 'A' ordinary non-voting shares (1996 – 45,000 ordinary and 8,302,982 'A' ordinary shares). At December 10 1997, his interest in 'A' ordinary non-voting shares had increased to 16,467,125 and that of Sir Patrick Sergeant to 20,000.

Daily Mail and General Trust plc has been notified that, under section 204 of the Companies Act 1985 and including the interests shown in the table above, The Viscount Rothermere is deemed to have been interested in 2,871,758 ordinary shares (1996 – 2,804,734).

Mr CJF Sinclair and Mr JP Williams had options over, respectively, 80,600 and 65,500 'A' ordinary non-voting shares in Daily Mail and General Trust plc at September 28 1997 (1996 – 73,600 and 60,500 shares respectively).

At September 28 1997 The Viscount Rothermere had a beneficial interest in 68 shares in Associated Newspapers North America Inc (1996 – an option over 68 shares).

Directors' share options

In addition to the beneficial interests noted above, the directors hold options to subscribe for new ordinary shares of 1p each in the company, or acquire existing ordinary shares of 1p each from the Euromoney ESOP Trust as follows:

	At start of year	Number of options Granted during year	Number of options Exercised during year	At end of year	Grant price	Date from which exercisable	Expiry date
PM Fallon	88,095	—	—	88,095	£5.98	now	19.01.02
	86,567	—	—	86,567	£14.16	19.06.98	19.06.05
	174,662	—	—	174,662			
PR Ensor	44,048	—	—	44,048	£5.98	now	19.01.02
	43,284	—	—	43,284	£14.16	19.06.98	19.06.05
	87,332	—	—	87,332			
NJ Bance	4,405	—	4,405	—			
NF Osborn	2,696	—	—	2,696	£3.51	now	14.06.00
	4,405	—	—	4,405	£5.98	now	19.01.02
	4,329	—	—	4,329	£14.16	19.06.98	19.06.05
	11,430	—	—	11,430			
DC Cohen	2,907	—	—	2,907	£5.98	now	19.01.02
	1,472	—	—	1,472	£14.16	19.06.98	19.06.05
	4,379	—	—	4,379			
CR Brown	4,000	—	—	4,000	£14.07	now	29.11.03
	2,761	—	—	2,761	£14.16	19.06.98	19.06.05
	25,000	—	—	25,000	£13.30	08.02.99	08.02.06
	31,761	—	—	31,761			
GB Strahan	2,696	—	—	2,696	£3.51	now	14.06.00
	4,405	—	—	4,405	£5.98	now	19.01.02
	4,329	—	—	4,329	£14.16	19.06.98	19.06.05
	11,430	—	—	11,430			
DS Levin	20,000	—	—	20,000	£16.18	now	08.12.04
	20,000	—	—	20,000	£13.30	08.02.99	08.02.06
	40,000	—	—	40,000			
CR Jones	—	2,112	—	2,112	£14.20	07.02.00	07.02.07
	—	7,888	—	7,888	£14.30	24.02.00	24.02.04
	—	10,000	—	10,000			
R Jell	2,500	—	—	2,500	£16.18	now	08.12.04
	5,000	—	—	5,000	£13.30	08.02.99	08.02.06
	—	2,000	—	2,000	£14.30	24.02.00	24.02.04
	7,500	2,000	—	9,500			
E Bounous	1,000	—	—	1,000	£5.13	now	05.12.01
	2,000	—	—	2,000	£8.48	now	08.12.02
	2,000	—	—	2,000	£14.07	now	29.11.03
	2,000	—	—	2,000	£16.18	now	08.12.04
	10,000	—	—	10,000	£13.30	08.02.99	08.02.06
	—	2,000	—	2,000	£14.30	24.02.00	24.02.04
	17,000	2,000	—	19,000			
Total	389,899	14,000	4,405	399,494			

Report of the Remuneration Committee *continued*

The market price of the company's shares on September 30 1997 was £16.85. The high and low share prices during the year were £16.85 and £12.92 respectively. The company's average share price over the three business days before the date of grant of options on February 7 1997 was £14.20 and before the grant of options on February 24 1997 was £14.30.

The exercise of options granted under the 1996 executive share option scheme requires satisfaction of certain performance criteria which have been set by the remuneration committee. These criteria require a sustained and significant improvement in the group's financial performance over a continuous period. For the grants of options under the 1996 scheme, made on February 7 1997 and February 24 1997, the performance test set by the remuneration committee requires the growth in the company's earnings a share for the three consecutive financial years commencing with the year ended September 30 1997 to exceed the growth in the retail price index by an average of at least 4% a year.

Directors' service contracts

With the exception of the chairman and managing director, each of the executive directors has a 12 month rolling service contract. The chairman and managing director have two year rolling service contracts and the remuneration committee believes that the length of these contracts is appropriate given the competitive pressures of the media industry. None of the non-executive directors has a service contract.

On behalf of the remuneration committee

Rothermere

The Viscount Rothermere
Chairman
December 12 1997

Statement of Directors' Responsibilities in Respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of 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 accounts, the directors are required to:

- select suitable accounting policies and 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 accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that these requirements have been satisfied.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report

Report of the auditors to the members of Euromoney Publications PLC

We have audited the accounts on pages 20 to 42 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 25 and 26. We have also examined the amounts disclosed relating to the emoluments, pension benefits and share options of the directors which form part of the report to shareholders by the remuneration committee on pages 13 to 17.

Respective responsibilities of directors and auditors

As described on page 18, the directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at September 30 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London
December 12 1997

GROUP PROFIT AND LOSS ACCOUNT

for the year ended September 30

	Note	1997 £000's	1996 £000's
Turnover	2		
Continuing operations		112,433	96,113
Acquisitions during the year		17,505	—
		129,938	96,113
Discontinued operations		1,112	8,170
		131,050	104,283
Operating profit			
Continuing operations		26,325	22,006
Acquisitions during the year		2,785	—
		29,110	22,006
Discontinued operations		365	(47)
	3	29,475	21.959
(Loss)/profit on sale of discontinued operations		(169)	1,407
Income from interests in associated undertakings		303	349
Interest receivable	5	1,561	1,897
Interest payable	6	(832)	(108)
		863	3,545
Profit on ordinary activities before taxation		30,338	25,504
Taxation on profit on ordinary activities	7	(9,185)	(8,213)
Profit on ordinary activities after taxation		21,153	17,291
Equity minority interests		(1,857)	(628)
Profit for the financial year	8	19,296	16,663
Dividends	9	(10,905)	(9,877)
Profits retained		8,391	6,786
Earnings per share	10	90.25p	75.93p
Dividend per share (net)		51.00p	46.00p

A statement of movements on reserves is given in note 23.

The notes on pages 25 to 42 form part of these accounts.

Group Balance Sheet

at September 30

	Note	1997 £000's	1997 £000's	1996 £000's	1996 £000's
Fixed assets					
Tangible assets	11		**9,092**		4,253
Investments	12		**1,050**		1,329
			10,142		5,582
Current assets					
Debtors	15	**39,294**		29,319	
Investments	16	**—**		9,000	
Cash		**26,407**		18,806	
		65,701		57,125	
Creditors: amounts falling due within one year	18	**(89,559)**		(53,697)	
Net current (liabilities)/assets			**(23,858)**		3,428
Total assets less current liabilities			**(13,716)**		9,010
Creditors: amounts falling due after one year	19		**(89,744)**		—
Total assets less liabilities			**(103,460)**		9,010
Capital and reserves					
Called up share capital	22		**214**		214
Share premium	23		**24,769**		24,712
Capital redemption reserve	23		**8**		8
Goodwill write off	23		**(156,227)**		(35,966)
Profit and loss account	23		**27,587**		19,724
Total shareholders' funds			**(103,649)**		8,692
Equity minority interests			**189**		318
			(103,460)		9,010

The accounts were approved by the board of directors on December 12 1997

PM Fallon
PR Ensor
Directors

The notes on pages 25 to 42 form part of these accounts.

Company Balance Sheet

at September 30

	Note	1997 £000's	1997 £000's	1996 £000's	1996 £000's
Fixed assets					
Tangible assets	11		**4,316**		3,039
Investments	13		**56,016**		32,664
			60,332		35,703
Current assets					
Debtors	15	**37,985**		27,597	
Investments	16	**—**		9,000	
Cash		**3,525**		4,522	
		41,510		41,119	
Creditors: amounts falling due within one year	19	**(52,366)**		(45,922)	
Net current liabilities			**(10,856)**		(4,803)
Total assets less current liabilities			**49,476**		30,900
Creditors: amounts falling due after more than one year	19		**(17,999)**		—
Total assets less liabilities			**31,477**		30,900
Capital and reserves					
Called up share capital	22		**214**		214
Share premium	23		**24,769**		24,712
Capital redemption reserve	23		**8**		8
Capital reserve	23		**1,842**		1,842
Profit and loss account	23		**4,644**		4,124
Total shareholders' funds			**31,477**		30,900

The accounts were approved by the board of directors on December 12 1997.

PM Fallon
PR Ensor
Directors

The notes on pages 25 to 42 form part of these accounts.

Group Cash Flow Statement

for the year ended September 30

	Note	1997 £000's	1997 £000's	1996 £000's	1996 £000's
Net cash inflow from operating activities	17a		29,095		24,518
Returns on investments and servicing of finance					
Interest received		1,533		1,627	
Interest paid		(795)		(106)	
Dividends paid to minorities		(1,585)		(1,097)	
Dividends received from associated undertakings		47		538	
			(800)		962
Taxation					
UK tax paid		(6,738)		(6,622)	
Overseas tax paid		(973)		(2,236)	
UK tax received		494		—	
Overseas tax received		30		—	
			(7,187)		(8,858)
Capital expenditure					
Purchase of tangible fixed assets		(3,299)		(1,114)	
Sale of tangible fixed assets		197		220	
			(3,102)		(894)
Acquisitions and disposals					
Purchase of subsidiary undertakings	14	(95,627)		(5,345)	
Cash acquired with subsidiary undertakings		883		—	
Sale of subsidiary undertakings		2,839		1,978	
Purchase of associated undertakings		(4,221)		(448)	
Sale of associated undertakings		—		70	
			(96,126)		(3,745)
Equity dividends paid			(10,688)		(9,564)
Cash (outflow)/inflow before use of liquid resources and financing			(88,808)		2,419
Management of liquid resources					
Cash on short term deposit	16		9,000		(9,000)
Financing					
Issue of new ordinary share capital		57		48	
Redemption of ordinary share capital		—		(9,939)	
Repayment of loan notes		—		803	
Receipt from sale of gilts		—		27,095	
New unsecured loan notes		3,600		66	
Redemption of unsecured loan notes		(910)		(70)	
Debt due in more than one year: Increase in borrowings		88,687		—	
Repayment of amounts borrowed		(3,724)		—	
			87,710		18,003
Increase in cash during the year	17b		7,902		11,422

The notes on pages 25 to 42 form part of these accounts.

The consolidated cashflow statement for the year ended September 30 1997 has been prepared in accordance with Financial Reporting Standard Number 1 (revised) and the comparatives for the year ended September 30 1996 have been restated accordingly.

Group Statement of Total Recognised Gains and Losses

for the year ended September 30

	Note	1997 £000's	1996 £000's
Profit for the financial year		**19,296**	16,663
Currency translation difference on foreign currency net investments	23	**(528)**	(133)
Total recognised gains for the year		**18,768**	16,530

Reconciliation of Movements in Shareholders' Funds

for the year ended September 30

	1997 £000's	1996 £000's
Profit for the financial year	**19,296**	16,663
Dividends	**(10,905)**	(9,877)
	8,391	6,786
Net goodwill written (off)/back	**(120,261)**	1,303
Share buy-back	**—**	(9,939)
Exercise of share options	**57**	48
Currency translation difference on foreign currency net investments	**(528)**	(133)
Net reduction in shareholders' funds	**(112,341)**	(1,935)
Opening shareholders' funds	**8,692**	10,627
Closing shareholders' funds	**(103,649)**	8,692

Notes to the Accounts

1. Accounting policies

The following is a summary of the principal accounting policies adopted by the group. They have remained unchanged in all significant respects from the previous year and are in accordance with applicable Accounting Standards

Basis of preparation

The accounts have been prepared under the historical cost convention. The consolidated accounts incorporate the accounts of the company, of its subsidiary undertakings and undertakings where the group exercises dominant influence, after eliminating the effects of intra-group transactions. Where the group owns a non-controlling interest, held for the long term, in the equity share capital of another company (or the equity of a partnership) and is in a position to exercise dominant influence over the operating and financial policies of that company or partnership, the interest is consolidated and the company or partnership treated as a subsidiary undertaking.

Where the group owns a non-controlling interest, held for the long term, in the equity share capital of another company (or the equity of a partnership) and is in a position to exercise significant influence over that company or partnership, the interest is equity accounted and the company or partnership treated as an associated undertaking.

Where the group owns a non-controlling interest in the equity share capital of another company (or the equity of a partnership) that is not equity accounted or consolidated, it is held as an investment and stated in the balance sheet at cost.

The results of subsidiary and associated undertakings acquired during the year are incorporated from the effective date of acquisition. The net assets of subsidiary and associated undertakings acquired are accounted for on a fair value basis and any resulting goodwill is written off against reserves in the year of acquisition in the group accounts. The same accounting policy is applied in the company's accounts to purchased goodwill.

Accounts have been prepared to September 30.

Turnover

Turnover is the total amount receivable by the group excluding value added tax. It represents income from subscriptions, advertising, sponsored publications, conferences, seminars, training courses, exhibitions, databases, electronic publishing and other services. Advertising sales are stated net of agency commission. Turnover is deferred until earned.

Leased assets

Where assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased. The amount capitalised is the cash value as at the date of commencement of the lease. The corresponding leasing commitment is included in obligations under finance leases. Rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital, which reduces the outstanding commitment. Rentals payable relating to all other leases are charged on a straight line basis to the profit and loss account.

Depreciation

Depreciation of tangible fixed assets is provided on the straight line basis over their expected useful lives at the following rates per year:

Plant and equipment	25% – 33 1/3%
Motor vehicles	20%
Freehold premises	2%
Short-term leasehold premises	over term of lease

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the period end. Revenue items are translated at average rates for individual company transactions and at closing rate for consolidation of overseas subsidiaries.

All exchange differences on transactions during the year are dealt with in the profit and loss account. Exchange differences arising upon the retranslation of the net assets of overseas subsidiary undertakings at the year end exchange rate are shown as a movement on reserves.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits stated in the accounts. Deferred taxation is accounted for to the extent that it is probable that such taxation will become payable in the foreseeable future.

1. *Accounting policies (continued)*

Pensions

Contributions to pension schemes in respect of current and past service, ex-gratia pensions, and cost of living adjustments to existing pensions are based on the advice of actuaries.

Contributions are charged to the profit and loss account when amounts become payable on the accruals basis. For the defined benefit scheme there is no material difference at present between this basis and using a basis that spreads the expected cost of providing pensions over the employees' working lives with the group.

2. *Turnover and segmental analysis*

Turnover is analysed by geographical area as follows:

	UK		North America		European Union		RoW		Total	
	1997 £000's	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's
By destination:										
Continuing operations	**25,689**	14,627	**31,454**	14,687	**27,021**	21,476	**45,774**	45,323	**129,938**	96,113
Discontinued operations	**—**	683	**1,112**	1,773	**—**	1,036	**—**	4,678	**1,112**	8,170
Total	**25,689**	15,310	**32,566**	16,460	**27,021**	22,512	**45,774**	50,001	**131,050**	104,283

The 1996 comparatives have been restated in order to reflect discontinued operations.

	UK		North America		RoW		Total	
	1997 £000's	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's
By source:								
Continuing operations	**80,787**	66,596	**29,072**	11,829	**20,079**	17,688	**129,938**	96,113
Discontinued operations	**—**	774	**1,112**	1,899	**—**	5,497	**1,112**	8,170
Total	**80,787**	67,370	**30,184**	13,728	**20,079**	23,185	**131,050**	104,283

The 1996 comparatives have been restated in order to reflect discontinued operations.

	UK		North America		RoW		Total	
	1997 £000's	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's	**1997 £000's**	1996 £000's
Turnover is analysed by activity as follows:								
International financial publishing	**27,024**	26,336	**11,110**	2,776	**4,074**	3,534	**42,208**	32,646
International business publishing	**26,443**	20,412	**3,563**	2,342	**3,175**	2,248	**33,181**	25,002
Training	**15,120**	10,903	**11,758**	5,018	**5,568**	2,920	**32,446**	18,841
Seminars, conferences and exhibitions	**9,721**	6,960	**2,641**	1,693	**7,262**	8,986	**19,624**	17,639
Databases and information services	**2,479**	1,985	**—**	—	**—**	—	**2,479**	1,985
Discontinued operations	**—**	774	**1,112**	1,899	**—**	5,497	**1,112**	8,170
	80,787	67,370	**30,184**	13,728	**20,079**	23,185	**131,050**	104,283

The 1996 comparatives have been restated in order to reflect discontinued operations.

NOTES TO THE ACCOUNTS *continued*

2. *Turnover and segmental analysis (continued)*

	UK		North America		RoW		Total	
	1997 £000's	1996 £000's	1997 £000's	1996 £000's	1997 £000's	1996 £000's	1997 £000's	1996 £000's
Operating profit is analysed by activity as follows:								
International financial publishing	10,732	9,634	2,614	736	1,087	1,185	14,433	11,555
International business publishing	8,867	6,455	834	272	295	11	9,996	6,738
Training	4,755	3,694	1,301	243	1,366	487	7,422	4,424
Seminars, conferences and exhibitions	2,869	819	249	56	1,192	1,895	4,310	2,770
Databases and information services	724	385	—	—	(131)	—	593	385
Discontinued operations	—	(72)	365	221	—	(196)	365	(47)
	27,947	20,915	5,363	1,528	3,809	3,382	37,119	25,825
Corporate costs not identified between products	(7,644)	(3,866)	—	—	—	—	(7,644)	(3,866)
Total operating profit	20,303	17,049	5,363	1,528	3,809	3,382	29,475	21,959

The 1996 comparatives have been restated in order to reflect discontinued operations.

	UK		North America		RoW		Total	
	1997 £000's	1996 £000's	1997 £000's	1996 £000's	1997 £000's	1996 £000's	1997 £000's	1996 £000's
Net assets are analysed by activity as follows:								
International financial publishing	2,272	(1,477)	(11,327)	325	1,903	922	(7,152)	(230)
International business publishing	7,264	825	562	10	(147)	31	7,679	866
Training	799	(276)	572	46	292	610	1,663	380
Seminars, conferences and exhibitions	1,868	521	(5,773)	153	1,236	96	(2,669)	770
Databases and information services	222	1,034	—	—	—	—	222	1,034
Net operating assets	12,425	627	(15,966)	534	3,284	1,659	(257)	2,820
Investment in associated undertakings	252	(16)	—	548	—	—	252	532
Net non-operating assets	(39,075)	5,658	(68,228)	—	3,848	—	(103,455)	5,658
Net assets	(26,398)	6,269	(84,194)	1,082	7,132	1,659	(103,460)	9,010

Non-operating assets include principally long-term loans and loan notes.

The 1996 comparatives have been restated in order to reflect discontinued operations.

3. *Operating profit*

	1997 £000's Continuing	1997 £000's Discontinued	1997 £000's Acquisitions	1997 £000's Total	1996 £000's Continuing	1996 £000's Discontinued	1996 £000's Total
Turnover	112,433	1,112	17,505	131,050	96,113	8,170	104,283
External charges	37,770	197	7,798	45,765	36,883	5,372	42,255
	74,663	915	9,707	85,285	59,230	2,798	62,028
Staff costs							
Wages and salaries	30,411	330	4,520	35,261	25,026	1,806	26,832
Social security costs	2,336	19	247	2,602	1,608	116	1,724
Pension contributions	1,182	—	99	1,281	1,107	23	1,130
	33,929	349	4,866	39,144	27,741	1,945	29,686
Other costs							
Depreciation	1,202	2	146	1,350	895	2	897
Auditors' remuneration	241	2	10	253	223	2	225
Operating lease rentals							
– land and buildings	957	—	234	1,191	1,245	222	1,467
– plant and machinery	—	—	—	—	81	—	81
Other operating charges	12,009	197	1,666	13,872	7,039	674	7,713
	14,409	201	2,056	16,666	9,483	900	10,383
Operating profit	26,325	365	2,785	29,475	22,006	(47)	21,959

Other operating charges include £122,500 (1996 – £94,269) for services provided by subsidiaries of the company's ultimate parent undertaking. Trade creditors do not include any amounts outstanding (1996 – £nil) at September 30 1997 in respect of these charges. All such services were provided on an arm's length basis.

Included in auditors' remuneration for UK companies in the group is £18,000 (1996 – £72,121) for services other than audit. Further, US companies in the group capitalised £908,000 for services other than audit in respect of acquisitions.

The 1996 comparatives have been restated in order to reflect discontinued operations.

Notes to the Accounts *continued*

4. *Staff costs*

The average number of employees of the group during the year and the number as at September 30 1997 was 885 (1996 – 969) and 1,316 (1996 – 899) respectively. This is analysed as follows:

	1997 Average	1997 Year end	1996 Average	1996 Year end
United Kingdom	528	582	528	524
North America	207	680	186	181
RoW	150	157	178	194
AIC	—	—	77	—
	885	1,419	969	899

AIC ceased to be a part of the group as at December 31 1995.

Staff costs

	1997 £000's	1996 £000's
Wages and salaries	35,261	26,832
Social security costs	2,602	1,724
Pension contributions	1,281	1,130
	39,144	29,686

5. *Interest receivable and other investment income*

	1997 £000's	1996 £000's
Interest receivable from parent undertaking	512	883
Interest receivable from short-term investments	1,049	744
Gains recognised on short-term investments	—	270
	1,561	1,897

6. *Interest payable and similar charges*

	1997 £000's	1996 £000's
Interest payable on:		
Bank overdrafts	(156)	(12)
Interest payable on unsecured loan stock	(101)	(96)
Bank loans, not wholly repayable within five years	(575)	—
	(832)	(108)

The terms for repayment of the unsecured loan stock are shown in note 18.

7. *Taxation on profit on ordinary activities*

	1997 £000's	1996 £000's
The taxation charge is based on the profit for the year and is made up as follows:		
Corporation tax at 32% (1996 – 33%)	**6,265**	6,251
Overseas tax	**2,920**	1,810
	9,185	8,061
Adjustments to prior year's taxation:		
Corporation tax	—	152
	9,185	8,213

No provision has been made for any UK taxation that would arise if distributions are made out of the retained profits of overseas subsidiary and associated undertakings. The taxation credit on profits from associated undertakings included above is £74,000 (1996 – charge £90,000).

8. *Profit for the financial year*

Euromoney Publications PLC has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these accounts. The profit after taxation of Euromoney Publications PLC included in the group profit for the year of £19,296,000 (1996 – £16,663,000) is £11,468,000 (1996 – £10,796,000).

9. *Dividends*

	1997 £000's	1996 £000's
Interim paid 18.0p per share (1996 – 14.0p)	**3,849**	3,037
Final proposed 33.0p per share (1996 – 32.0p)	**7,056**	6,840
Total 51.0p per share (1996 – 46.0p)	**10,905**	9,877

10. *Earnings per ordinary share*

The basic earnings per share is calculated on profit for the financial year of £19,296,000 (1996 – £16,663,000) and on a weighted average number of ordinary shares in issue during the year of 21,380,451 (1996 – 21,946,452). The fully diluted earnings per share has not been shown as the dilution is not material.

NOTES TO THE ACCOUNTS *continued*

11. *Tangible fixed assets*

The group	Motor vehicles £000's	Plant and equipment £000's	Short-term leasehold premises £000's	Freehold premises £000's	Total £000's
Cost at October 1 1996	302	4,361	1,904	833	7,400
Exchange adjustment	—	(64)	(2)	—	(66)
Obtained on acquisition	—	5,826	3,292	—	9,118
Additions	132	1,549	1,618	—	3,299
Disposals	(95)	(770)	—	—	(865)
Transfers	112	(66)	(85)	—	(39)
At September 30 1997	**451**	**10,836**	**6,727**	**833**	**18,847**
Depreciation at October 1 1996	89	2,455	541	62	3,147
Exchange adjustment	—	(33)	(1)	—	(34)
Obtained on acquisition	—	4,321	1,805	—	6,126
Charge for the year	81	1,074	177	18	1,350
Disposals	(82)	(713)	—	—	(795)
Transfers	112	(66)	(85)	—	(39)
At September 30 1997	**200**	**7,038**	**2,437**	**80**	**9,755**
Net book value at September 30 1997	**251**	**3,798**	**4,290**	**753**	**9,092**
Net book value at October 1 1996	213	1,906	1,363	771	4,253

The company	Motor vehicles £000's	Plant and equipment £000's	Short-term leasehold premises £000's	Freehold premises £000's	Total £000's
Cost at October 1 1996	223	2,866	1,677	833	5,599
Additions	129	787	1,031	—	1,947
Disposals	(85)	(567)	—	—	(652)
Transfers	149	(98)	—	—	51
At September 30 1997	**416**	**2,988**	**2,708**	**833**	**6,945**
Depreciation at October 1 1996	41	2,047	410	62	2,560
Charge for the year	70	441	98	17	626
Disposals	(74)	(534)	—	—	(608)
Transfers	149	(98)	—	—	51
At September 30 1997	**186**	**1,856**	**508**	**79**	**2,629**
Net book value at September 30 1997	**230**	**1,132**	**2,200**	**754**	**4,316**
Net book value at October 1 1996	182	819	1,267	771	3,039

12. *Fixed asset investments — group*

	Cost of shares £000's	Share of post acquisition reserves £000's	Goodwill £000's	Total £000's	Investment in own shares £000's	Total £000's
At October 1 1996	2,865	(88)	(2,246)	531	798	1,329
Additions	4,221	377	(4,096)	502	—	502
Transfers	(2,330)	(180)	1,729	(781)	—	(781)
At September 30 1997	**4,756**	**109**	**(4,613)**	**252**	**798**	**1,050**

The investment in own shares is held by the Euromoney Employees' Share Ownership Trust. Transfers include Worldlink Publications Limited, MIS Inc and MIS Partners which have been consolidated this year.

The details of the principal associated undertakings at September 30 1997 are as follows:

	Proportion held	Principal activity	Country of incorporation and operation
Capital DATA Limited	50%	Databases	England
London Furniture Show Limited	45%*	Exhibitions	England
Mundy Perry Limited	45%	Publishing	England
Systems Security Limited	20%*	Training	England
Mondiale Corporation Limited	40%	Publishing	England

* held by a subsidiary undertaking

13. *Fixed asset investments — company*

	£000's
At October 1 1996	32,664
Acquisitions at cost	33,979
Disposals at cost	(61)
Transfer to other group companies	(6,296)
Provisions	(4,270)
At September 30 1997	**56,016**

Details of acquisitions during the year are shown in note 14.

Notes to the Accounts *continued*

13. *Fixed asset investments — company (continued)*

The details of the principal subsidiary undertakings at September 30 1997 are as follows:

Direct subsidiary undertakings	Proportion held	Principal activity	Country of incorporation and operation
Adhesion Limited	100%	Conventions	England
Batteries International Limited	100%	Publishing	England
Business Traveller (Holdings) Limited	74.9%*	Holding company	England
Capital NET Limited	50%	Databases	England
Century House Information Limited	100%	Publishing	England
Coaltrans Conferences Limited	100%	Conferences	England
Contract Communications Limited	89.89%	Publishing	England
Euromoney Corporate Profiles Limited	60%	Publishing	England
Euromoney Expos Limited	100%	Exhibitions	England
Euromoney Inc	100%	US sales agent	USA
Euromoney Exhibitions Limited	100%	Holding company	England
Euromoney Publications (Jersey) Limited	100%†	Publishing	Jersey
Euromoney Publications (Overseas) Limited	100%	Holding company	England
Euromoney US Holdings LP	100%	Holding company	USA
Glenprint Limited	100%	Publishing	England
The Petroleum Economist Limited	95%	Publishing	England
Raven Fox Limited	97.14%	Publishing	England
ReActions Publishing Group Limited	100%*	Publishing	England
Tipall Limited	100%	Property Holding	England
World Link Publications Limited ‡	45%	Publishing	England

* 100% preference shares held, ordinary shares held as noted above.

† Euromoney Publications (Jersey) Limited's principal country of operation is Hong Kong.

‡ Following a change in the relationship with the other significant shareholder, World Link Publications Limited has been treated as a subsidiary undertaking this year because the group is now in a position to exercise dominant influence over its operating and financial policies.

13. *Fixed asset investments — company (continued)*

Indirect subsidiary undertakings

	Proportion held	Principal activity	Country of incorporation and operation
100% Design Limited	76.5%	Exhibitions	England
Adhesion et Associes SA	100%	Conventions	France
Asia Law and Practice Publishing Limited	100%	Holding company	Jersey†
Asia Law and Practice Singapore Pte	100%	Publishing	Singapore
Carlcroft Limited	100%	Publishing	England
EII Holdings Inc	100%*	Holding company	USA
Engel Publishing Partners	80%	Publishing	USA
Euromoney-Allied General Partner Inc	51%	Holding company	USA
Euromoney Conferences America LLC	100%	Conferences	USA
Euromoney Events Inc	100%	Holding company	USA
Euromoney Massachusetts Inc	100%	Holding company	USA
Euromoney Training (Jersey) Limited	100%	Training	Jersey†
Euromoney Training LLC	100%	Training	USA
Euromoney Training SA Limited	100%	Training	South Africa
Euromoney Training Singapore Pte	100%	Training	Singapore
Euromoney Utah Inc	100%	Publishing	USA
Institutional Investor Inc	100%	Publishing	USA
Institutional Investor (Europe) Limited	100%	Publishing	England
International Media Partners Inc	100%	Publishing	USA
Latin American Financial Publications Inc	51%	Publishing	USA
Latin Finance Special Projects Limited Partnership	51%	Publishing	USA
Lingua Franca Inc	88.75%	Training	USA
Med Ad Inc	100%	Holding company	USA
MIS Partners	50%	Training	USA
MIS Training Inc	50%	Training	USA
MIS Training UK Limited	50%	Training	England
Perry Publications Limited	74.9%	Publishing	England
Perry Publications Inc	74.9%	Publishing	USA
PREP Institute of America Inc	100%	Training	USA
Real Time Events Limited	90%	Exhibitions	England
Semaphore Europe Limited	88.75%	Training	England
The Euromoney Exhibition Partnership	90%	Exhibitions	England
The Second Euromoney Exhibition Partnership	90%	Exhibitions	England

* 100% preference shares held, ordinary shares held as noted above.

† The principal country of operation for both Euromoney Training (Jersey) Limited and Asia Law and Practice Publishing Limited is Hong Kong.

NOTES TO THE ACCOUNTS *continued*

13. *Fixed asset investments — company (continued)*

Dormant/Non-trading subsidiary undertakings

	Proportion held	Country of incorporation and operation
Adreps (London) Limited	74.9%	England
Airfinance Journal Limited	100%	England
Camrus Limited	100%*	England
Corporate Cover Publications Limited	100%	England
Davsell Limited	100%	England
DC Gardner & Co Limited	100%	England
DC Gardner (City) Limited	100%	England
Duty Free News International Limited	100%	England
Euromoney ESOP Trustee Limited	100%	England
Euromoney Limited	100%	England
Euromoney Television Limited	90%	England
Euromoney Trustees Limited	100%	England
Exasialaw Limited	100%	Hong Kong
Financial IQ Limited	100%	England
Hawkins Publishers Limited	100%	England
Nestor Investments Limited	100%	England
Petroleum Press Bureau Limited	100%	England
Simco 508 Limited	100%	England
Travel Retailer International Limited	100%	England

* 100% preference shares held, ordinary shares held as noted above.

All holdings are of ordinary shares, except where noted. All associate undertakings are listed in note 12.

14. *Acquisitions*

Details of the significant acquisitions during the year are as follows:

i. In October 1996, the group acquired 11%, and in August 1997 a further 9%, of the share capital of PREP Institute of America Inc from a related party for a cash consideration of £801,111.

ii. In January 1997, the group acquired 8.33% of the share capital of MIS Training Inc and MIS Partners from a related party for a cash consideration of £395,662.

iii. In January 1997, the group acquired 12% of the share capital of Adhesion et Associes SA from a related party for a cash consideration of £1,486,256.

iv. In January 1997, the group purchased the remaining 5% partnership interest in International Media Partners General Partnership from a related party for a cash consideration of £180,645.

v. In February 1997, the group purchased a 74.9% interest in Business Traveller (Holdings) Limited, a new company formed to acquire Perry Publications Limited, from a wholly owned subsidiary of Motor-Presse International for a cash consideration of £1.65 million.

vi. In March 1997, the group acquired 1.7% of the share capital of Contract Communications Limited for a cash consideration of £74,718 and 0.96% of the share capital of Raven Fox Limited for a cash consideration of £53,393 from Richard Jell, a director of Euromoney Publications PLC and a related party.

vii. In April 1997, the group purchased a further 15% of the issued share capital of The Petroleum Economist Limited from Nigel Bance, a director of Euromoney Publications PLC and a related party, for a cash consideration of £1,088,190.

viii. In June 1997, the group purchased a 40% interest in Mondiale Corporation Limited for a consideration capped at £4.5 million, dependent on the results for the year ending December 31 1997. A prepayment of £4 million, comprising £400,000 cash and £3.6 million in unsecured loan notes has been made.

ix. In August 1997, the group acquired 100% of the share capital of Institutional Investor Inc from ABC Inc, an indirect subsidiary of Walt Disney Company, for a cash consideration of £88 million, funded by a medium-term bank facility.

14. *Acquisitions (continued)*

All acquisitions of subsidiaries during the year have been consolidated using the acquisitions method. Goodwill arising on consolidation has been written off direct to reserves. The following table provides an analysis of the assets acquired and consideration given in respect of the purchase of Institutional Investor Inc and Perry Publications Limited, the major acquisitions of subsidiaries made during the year.

	Institutional Investor Inc book value £000's	Fair value adjustment £000's	Institutional Investor Inc £000's	Perry Publications Limited £000's	Other £000's	Total £000's
Fixed assets	3,786	(1,000)	2,786	16	190	2,992
Debtors	6,817	(84)	6,733	544	1,592	8,869
Cash	—	—	—	16	867	883
Creditors due within one year	(22,400)	(7,248)	(29,648)	(362)	(2,602)	(32,612)
Net assets/(liabilities)	(11,797)	(8,332)	(20,129)	214	47	(19,868)
Acquisition costs			(1,874)	(53)	(23)	(1,950)
Goodwill arising on acquisition			110,147	1,489	5,809	117,445
Total cash payments made this year			88,144	1,650	5,833	95,627

The acquisitions separately identified above utilised £2,176,000 of the group's net operating cashflows and £24,000 in the purchase of fixed assets. Fair value adjustments have been made to bring the subsidiary undertaking accounting policies into line with group policies, principally depreciation and deferred revenue. Additionally, provision has been made for property rentals payable in excess of market rates. Reorganisation costs for Institutional Investor Inc amounting to £944,000 have been charged against profits.

Set out below is the summarised profit and loss account of Institutional Investor Inc.

	Period 1 January 1997 to 31 August 1997 £000's	Year ended 31 December 1996 £000's
Turnover	35,135	43,672
Operating profit	3,755	266
Interest	—	(20)
Profit before taxation	3,755	246
Taxation	406	(493)
Profit/(loss) after taxation	4,161	(247)

There were no recognised gains and losses other than the profit/(loss) for the period.

15. *Debtors*

	Group 1997 £000's	Group 1996 £000's	Company 1997 £000's	Company 1996 £000's
Amounts falling due within one year:				
Trade debtors	32,232	19,724	14,771	11,799
Amounts owing from group undertakings	—	—	21,016	12,138
Prepayments and accrued income	2,262	3,621	434	1,388
Other debtors	3,036	4,264	—	562
	37,530	27,609	36,221	25,887
Amounts falling due after more than one year:				
Other debtors	1,764	1,710	1,764	1,710
	39,294	29,319	37,985	27,597

Other debtors of the group at September 30 1996 included £2,601,000 of loan notes at par received as part of the consideration on the disposal of the AIC Group. The loan notes were interest bearing at a rate of 7% above the London Interbank Offer Rate and were repaid during the year.

Notes to the Accounts *continued*

16. *Current asset investments*

	Group 1997 £000's	Group 1996 £000's	Company 1997 £000's	Company 1996 £000's
Short-term deposits	—	9,000	—	9,000
	—	9,000	—	9,000

The short-term deposits were for periods of three months or less with Daily Mail and General Trust plc.

17a. *Reconciliation of operating profit to net cash inflow from operating activities*

	1997 £000's	1996 £000's
Operating profit	29,475	21,959
Depreciation	1,350	897
(Profit)/loss on sale of tangible fixed assets	(114)	169
(Increase) in debtors	(3,854)	(3,630)
Increase in creditors	2,238	5,123
Net cash inflow from operating activities	29,095	24,518

17b. *Reconciliation of net cash flow to movement in net debt*

	1997 £000's	1996 £000's
Increase in cash during the year	7,902	11,422
Cash inflow/(outflow) from decrease in liquid resources	(9,000)	9,000
Cash inflow from increase in debt finance	(87,653)	(801)
	(88,751)	19,621
Currency translation differences	(110)	(28)
Movement in net debt in the year	(88,861)	19,593
Net debt at October 1 1996	25,387	5,794
Net debt at September 30 1997	(63,474)	25,387

17c. *Analysis of net debt*

	October 1 1996 £000's	Cashflow £000's	Exchange movement £000's	September 30 1997 £000's
Cash at bank and in hand	18,806	7,711	(110)	26,407
Short term deposits	9,000	(9,000)	—	—
Bank overdrafts	(396)	191	—	(205)
	27,410	(1,098)	(110)	26,202
Debt due within one year	(2,023)	(2,690)	—	(4,713)
Debt due in more than one year	—	(84,963)	—	(84,963)
	(2,023)	(87,653)	—	(89,676)
Total net debt	25,387	(88,751)	(110)	(63,474)

18. *Creditors*

	Group 1997 £000's	Group 1996 £000's	Company 1997 £000's	Company 1996 £000's
Amounts falling due within one year:				
Bank overdraft	**205**	396	**—**	—
Trade creditors	**7,537**	5,525	**4,535**	3,117
Due to parent undertaking	**1,737**	1,337	**1,576**	1,177
Due to other group undertakings	**—**	—	**10,886**	9,549
Other creditors	**7,300**	2,324	**3,995**	340
Corporation tax	**10,033**	8,157	**4,469**	3,893
Accruals	**21,814**	16,928	**9,866**	13,468
Deferred income	**29,164**	10,167	**5,270**	5,515
Dividend	**7,056**	6,840	**7,056**	6,840
Redeemable unsecured loan stock	**3,909**	1,219	**3,909**	1,219
ESOP loan	**804**	804	**804**	804
	89,559	53,697	**52,366**	45,922

In June 1997 a further £3,600,000 was issued which can be redeemed at par, at the holders' option, between June 1997 and December 2008. The interest rate on this loan stock is 0.5% below the London Interbank Offer Rate.

The remaining loan stock, which was issued at par, can be redeemed at par, at the holders' option, at various dates between December 1994 and November 2003. The interest rate on the stock is variable and is set, at yearly intervals, at one per cent below the twelve month London Interbank Offer Rate.

The ESOP loan is repayable in one sum on December 31 1997. It is interest bearing at a rate of 1% above the London Interbank Offer Rate. This loan is to be rolled over for a new term.

19. *Creditors*

	Group 1997 £000's	Group 1996 £000's	Company 1997 £000's	Company 1996 £000's
Amounts falling due after more than one year:				
Provision for excess rents	**4,781**	—	**—**	—
Bank loans	**84,963**	—	**17,999**	—
	89,744	—	**17,999**	—
Bank loans can be summarised as follows:				
Between one and two years	**2,482**	—	**525**	—
Between two and five years	**40,348**	—	**8,541**	—
Over five years	**42,133**	—	**8,933**	—
	84,963	—	**17,999**	—

The bank loans are unsecured and interest is charged at 0.5% above the London Interbank Offer Rate.

Notes to the Accounts *continued*

20. *Commitments*

The group has operating leases on certain premises. The annual rentals on these leases total £5,048,000 (1996 – £1,335,000) as follows:

	Group 1997 £000's	Group 1996 £000's	Company 1997 £000's	Company 1996 £000's
Operating leases in respect of land and buildings which expire:				
Within one year	**418**	678	**—**	21
Between two and five years	**3,227**	439	**191**	194
Over five years	**1,403**	218	**218**	218
	5,048	1,335	**409**	433

21. *Provisions for liabilities and charges*

Deferred taxation for the group and the company, which has not been provided for, comprised:

	Group not provided 1997 £000's	Group not provided 1996 £000's	Company not provided 1997 £000's	Company not provided 1996 £000's
Accelerated capital allowances	**(253)**	(111)	**(241)**	(101)

No deferred tax assets have been recognised during the year, and no amounts have been transferred to or from the profit and loss account. No provision has been made for further taxes which could arise if subsidiary or associated undertakings were disposed of, or if overseas companies were to remit dividends to the UK in excess of those anticipated in these accounts.

22. *Called up share capital*

	1997 £000's	1996 £000's
Authorised: 28,000,000 ordinary shares of 1p each	**280**	280
Allotted and fully paid: 21,382,605 (1996 – 21,374,200) ordinary shares of 1p each	**214**	214

During the year 8,405 ordinary shares of 1p each with an aggregate nominal value of £84 were issued for a cash consideration of £56,912 following the exercise of share options granted under the company's share option scheme.

22. *Called up share capital (continued)*

Share options

The following options are outstanding at September 30 1997 and are options to subscribe for new ordinary shares of 1p each in the company, except those indicated (*) which are options to purchase ordinary shares of 1p each under the Euromoney ESOP.

Number of ordinary shares under option September 30 1997	October 1 1996	Option price £	Period during which option may be exercised
7,686	7,686	3.51	Before June 14 2000
6,000	6,500	5.13	Before December 5 2001
144,535*	148,940*	5.98	Before January 19 2002
13,750	16,750	8.48	Before December 8 2002
29,000	29,000	14.07	Before November 29 2003
58,000	65,000	16.18	Before December 8 2004
142,742	142,742	14.16	Between June 19 1998 and June 19 2005
171,500	183,000	13.30	Between February 8 1999 and February 8 2006
29,755	—	14.20	Between February 7 2000 and February 7 2007
55,995	—	14.30	Between February 24 2000 and February 24 2004
658,963	599,618		

23. *Statement of movements on reserves*

	Profit & loss account Group £000's	Profit & loss account Company £000's	Goodwill write off reserve Group £000's	Capital reserve Company £000's	Capital redemption reserve Group £000's	Capital redemption reserve Company £000's	Share premium Group £000's	Share premium Company £000's
At October 1 1996	19,724	4,124	(35,966)	1,842	8	8	24,712	24,712
Exchange differences on retranslation of net assets and results of subsidiary undertakings	(528)	—	—	—	—	—	—	—
Retained profit for the year	8,391	563	—	—	—	—	—	—
Write-off of amounts representing goodwill	—	—	(120,261)	—	—	—	—	—
Profit attributable to ESOP	—	(43)	—	—	—	—	—	—
Premium arising on exercise of share options	—	—	—	—	—	—	57	57
At September 30 1997	**27,587**	**4,644**	**(156,227)**	**1,842**	**8**	**8**	**24,769**	**24,769**

The cumulative amount of goodwill written off at September 30 1997, net of goodwill relating to undertakings disposed of, is £166,745,000 (1996 – £46,479,000).

NOTES TO THE ACCOUNTS *continued*

24. *Pension contributions*

Employees of the group can belong to one of two pension schemes.

The Harmsworth Pension Scheme, which is administered by the immediate holding company, Associated Newspapers Holdings Limited, is a contracted out fully funded defined benefit pension fund providing service-related benefits based on final pensionable salary. The assets of the schemes are held independently from the finances of Associated Newspapers Holdings Limited and are administered by Trustees. Pension costs for this scheme are assessed on the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the fund was at March 31 1995. The assumptions having the most significant effect on the results of the valuations are that prices would increase by 4.5% per annum, that the growth of dividend income would also be 4.5% per annum, that pensionable salaries would increase at the rate of 6.5% per annum and that present and future pensions would increase, in most cases, by 4.5% per annum. The market value of the principal fund's assets was in the order of £197 million as at March 31 1995. The actuarial value of the fund's assets represented 106% of the value of the benefits that had accrued to members, after allowing for benefit improvements granted to members following the valuation. The contribution rate paid by employees for the contributory scheme is 5.5% of pensionable salaries; the group's contributions are at the rate of 11% of pensionable salaries, with a review expected following the next actuarial valuation of the scheme as at March 31 1998. Over the estimated average service life of employees, the pension cost to the group is estimated to represent an average of 9% of pensionable salaries.

The Euromoney Publications PLC 1987 Retirement Benefit Scheme is a contracted in money purchase scheme. The group's contribution is 5.9% on basic salary up to the upper earnings limit plus 9.75% on any excess on basic salary.

The pension charge for the year comprised:

	1997 £000's	1996 £000's
Harmsworth Pension Scheme	**123**	76
Euromoney Retirement Benefit Scheme	**169**	186
Private schemes	**989**	868
	1,281	1,130

25. *Directors' emoluments*

	1997 £000's	1996 £000's
The emoluments of the directors of Euromoney Publications PLC were as follows:		
Fees	**224**	235
Management remuneration	**4,534**	3,522
Pension contributions	**911**	733
	5,669	4,490

The emoluments of the highest paid director were £1,473,763 (1996 – £1,333,785). The performance related element of these emoluments was £1,343,436 (1996 – £1,205,943). In addition £528,800 (1996 – £378,800) was paid into his pension. The aggregate gain made by directors on the exercise of share options in the year was £34,667 (1996 – £nil).

26. *Contingent liability*

Writs claiming damages for libel have been issued in Malaysia against the company and three of its employees in respect of an article published in one of the company's magazines, *International Commercial Litigation*, in November 1995. The writs were served on the company on October 22 1996. The total amount claimed is 280 million Malaysian ringgits (£56 million). The directors do not believe that the company has any material liability in respect of these writs.

27. *Related party transactions*

i. During the year, the group deposited short term funds of up to £19 million with its parent undertaking, Daily Mail and General Trust plc, at beneficial interest rates. At September 30 1997, there were no amounts outstanding.
ii. Effective September 30 1997, the company sold its 100% interest in the issued share capital of Kropschot Financial Services Inc to Bruce Kropschot, an employee, for a cash consideration of £82,306.
iii. Other operating charges include amounts for services provided by subsidiaries of the company's ultimate parent undertaking. See note 3 for further details.
iv. During the year the group made a number of related party acquisitions. See note 14 for further details.

28. *Employees' share ownership plan*

During 1991 the company established an Employees' Share Ownership Plan Trust and entered into arrangements under which the Trust purchased 159,279 shares in the company for £5.01 per share. The Trust granted options over 159,279 shares in January 1992 at £5.98, the then market price, to eligible executives. These options may be exercised at any time before January 19 2002. As part of these arrangements a loan facility of up to £1 million has been granted to the Trust. The company has guaranteed this facility. The loan has been recognised on the company balance sheet. The interest in the shares which the company is deemed to have is included in investments (note 13). At September 30 1997 the ESOP held 159,279 shares with a market value of £2,683,851.

29. *Ultimate parent undertaking*

The directors regard the ultimate parent undertaking as Rothermere Continuation Limited, which is incorporated in Bermuda. The ultimate controlling party is the Viscount Rothermere. The largest and smallest group of which the company is a member and for which group accounts are drawn up is that of Daily Mail and General Trust plc, registered in England and Wales. Copies of the report and accounts are available from:

The Company Secretary
Daily Mail and General Trust plc
Northcliffe House
2 Derry Street
Kensington
London W8 5TT

Five Year Record

The consolidated profit and loss accounts and balance sheets for the five years ended September 30 1997 are summarised below:

	1993 £000's	1994 £000's	1995 £000's	1996 £000's	**1997 £000's**
Turnover	53,741	89,851	116,226	104,283	**131,050**
Operating profit	14,471	21,280	15,276	23,366	**29,306**
Share of profits in associated undertakings	1,272	1,396	1,135	349	**303**
Net interest receivable	1,920	1,367	1,807	1,789	**729**
Profit before taxation	17,663	24,043	18,218	25,504	**30,338**
Taxation	5,374	8,028	6,806	8,213	**9,185**
Profit after taxation	12,289	16,015	11,412	17,291	**21,153**
Minority interests	627	1,403	415	628	**1,857**
Available for shareholders	11,662	14,612	10,997	16,663	**19,296**
Dividends	7,803	9,275	9,639	9,877	**10,905**
Retained profit	3,859	5,337	1,358	6,786	**8,391**
Earnings per share	56.84p	69.38p	49.87p	75.93p	**90.25p**
Dividends per share (net)	38.00p	42.50p	43.50p	46.00p	**51.00p**
Fixed assets	5,328	8,136	7,072	5,582	**10,142**
Net current (liabilities)/assets	6,973	12,186	5,736	3,428	**(23,858)**
Deferred taxation and creditors due in more than one year	(804)	(1,280)	(804)	—	**(89,744)**
Net (liabilities)/assets	11,497	19,042	12,004	9,010	**(103,460)**

Capital and reserves

Called up share capital	205	218	222	214	**214**
Profit and loss account	16,222	21,515	23,010	19,724	**27,587**
Other reserves	(6,232)	(4,102)	(12,605)	(11,246)	**(131,450)**
	10,195	17,631	10,627	8,692	**(103,649)**
Minority interests	1,302	1,411	1,377	318	**189**
	11,497	19,042	12,004	9,010	**(103,460)**

The 1993 balance sheet has been adjusted to reflect the change in accounting policy with respect to the Employees' Share Ownership Plan.

Earnings per share have been calculated on the basis of the following average number of ordinary shares for each year:

1993 20,517,248
1994 21,062,824
1995 22,051,058
1996 21,946,452
1997 21,380,451

Directors and Advisers

Chairman PM Fallon ‡

Managing Director PR Ensor ‡

Directors
The Viscount Rothermere *†
Sir Patrick Sergeant *†‡§
CJF Sinclair *†‡
T Hosomi *
NJ Bance
NF Osborn
DC Cohen
CR Brown
GB Strahan
JP Williams *§
JC Botts *‡§
DS Levin
CR Jones
E Bounous
R Jell

* non-executive
† member of the remuneration committee
‡ member of the nominations committee
§ member of the audit committee

Joint Presidents
The Viscount Rothermere
Sir Patrick Sergeant

Company Secretary CR Jones

Registered Office Nestor House, Playhouse Yard, London EC4V 5EX

Registered Number 954730

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Solicitors Nabarro Nathanson, 50 Stratton Street, London W1X 6NX

Stockbrokers SBC Warburg, 1 Finsbury Avenue, London EC2M 2PP

Depositary Banque Internationale à Luxembourg SA, 2 Boulevard Royal, 2953 Luxembourg

Agents of the Depositary
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Citibank NA, Citibank House, 336 Strand, London WC2R 1HB
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Registrars Independent Registrars Group Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ

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