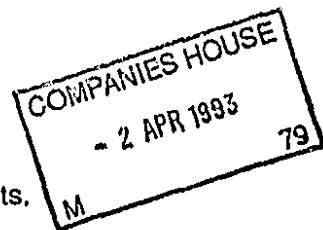


REED ELSEVIER plcPROFIT AND LOSS ACCOUNTFOR THE PERIOD 11 SEPTEMBER 1992 TO 1 APRIL 1993

		£
Administrative expenses		(50,000)
Interest income		1,189
Dividend from subsidiary undertaking	(Note 6)	<u>45,500,000</u>
Profit on ordinary activities before taxation		45,451,189
Taxation	(Note 7)	<u>—</u>
Profit on ordinary activities after taxation		45,451,189
Preference dividend	(Note 8)	<u>(25,000)</u>
Profit attributable to ordinary shareholders		45,426,189
Proposed ordinary dividend	(Note 8)	<u>(45,000,000)</u>
Retained profit transferred to reserves		<u>426,189</u>
Opening reserves		—
Retained profit for the period		<u>426,189</u>
Closing reserves		<u>426,189</u>

The notes on pages 4 to 6 form part of these accounts.



REED ELSEVIER plc

BALANCE SHEET AS AT 1 APRIL 1993

		£
<u>Fixed assets</u>		
Investments in subsidiary undertakings	(Note 9)	323,976,541
<u>Current assets</u>		
<u>Debtors: amounts falling due within 1 year</u>		
Interest receivable		174
Dividend receivable from subsidiary undertakings		45,500,000
		<u>45,500,174</u>
<u>Debtors: amounts falling due after more than 1 year</u>		
Amounts owed by subsidiary undertakings	(Note 7)	15,000,000
<u>Cash at bank</u>		<u>101,017</u>
		<u>60,601,191</u>
<u>Creditors: amounts falling due within 1 year</u>		
Proposed dividend	(Note 8)	45,000,000
Advance corporation tax	(Note 7)	15,000,000
Accruals		75,000
		<u>60,075,000</u>
Net current assets		<u>526,191</u>
Total assets less current liabilities		<u>324,502,732</u>
<u>Capital and reserves</u>		
Called up share capital	(Note 10)	120,000
Share premium	(Note 11)	323,956,543
Reserves		<u>426,189</u>
Shareholders' funds		<u>324,502,732</u>

The notes on pages 4 to 6 form part of these accounts.

Approved by Board on 2 April 1993



Director

N J STAPLETON

Auditors' report to the Directors of Reed Elsevier plc under Section 273(4) of the Companies Act 1985.

We have audited the initial accounts of Reed Elsevier plc in accordance with Auditing Standards.

In our opinion the initial accounts for the period from 11 September 1992 to 1 April 1993 have been properly prepared in accordance with the requirements of Section 273 of the Companies Act 1985.

*Price Waterhouse*

2 April 1993

Price Waterhouse  
Chartered Accountants  
and Registered Auditor

Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

## REED ELSEVIER plc

### NOTES TO THE ACCOUNTS AT 1 APRIL 1993

The Company was incorporated on 11 September 1992 as Aftertravel Limited as a subsidiary of Reed International P.L.C.. On 10 December 1992, the Company was re-registered as a public limited company and changed its name to Reed Elsevier plc.

On 1 January 1993, the Company issued 9,998 ordinary 'R' shares to Reed International P.L.C., which together with its two existing shares, gave Reed International P.L.C. 10,000 ordinary 'R' shares, and issued 10,000 ordinary 'E' shares to Elsevier NV, giving Reed International P.L.C. and Elsevier NV exactly 50% each of the voting rights of Reed Elsevier plc.

#### 1. ACCOUNTING POLICIES

a) These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts do not include a cash flow statement as such a statement is not material for the purpose of determining distributable reserves.

#### b) Investments

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

#### 2. DIRECTORS' EMOLUMENTS

No emoluments were paid to any of the directors in the period in respect of their services to the Company.

#### 3. AUDITORS' REMUNERATION

The remuneration of the auditors of the Company is borne by its subsidiary undertaking, Reed Elsevier (UK) Limited.

#### 4. EMPLOYEES

The Company has no employees.

#### 5. MANAGEMENT CHARGES

The Company is charged a management charge by Reed Elsevier (UK) Limited in return for services provided to the Company.

#### 6. DIVIDENDS RECEIVABLE

On 1 April 1993 the Company's subsidiary undertaking, Reed Elsevier (UK) Limited, declared a dividend of £45,500,000. This dividend is payable on 5 April 1993.

#### 7. TAXATION

There is no taxation on profit on ordinary activities, as the Company has not earned a taxable profit in the period.

The advance corporation tax payable of £15,000,000 will be surrendered to group undertakings for full consideration for offset against their corporation tax liabilities for the year ending 31 December 1993.

## 8. DIVIDENDS PAYABLE

### Preference Dividend

The charge represents the amount of dividend which has accrued since the issue of the preference shares on 30 November 1992.

### Ordinary Dividend

Interim dividend on "E" ordinary shares payable on 5 April 1993 £45,000,000

No interim dividend has been declared on the "R" ordinary shares.

## 9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Shares in subsidiary undertakings:

Additions in period £323,976,541

Cost as at 1 April 1993 £323,976,541

The Company acquired the subsidiary undertakings listed below on 1 January 1993. Details regarding the consideration for these additions are given in note 10.

The Company's subsidiary undertakings are as follows:

<u>Name of subsidiary undertaking</u>	<u>Incorporated in</u>	<u>% of equity share capital</u>	<u>Nature of business</u>
Reed Elsevier (UK) Limited	England	100%	Holding Company
Reed Elsevier Holdings BV	Netherlands	100%	Holding Company
ESI Stampa Medica Srl	Italy	90%	Publishing Company

## 10. SHARE CAPITAL

### Authorised, Issued and fully paid

#### Preference Share Capital

100,000 7.5% cumulative shares of £1 £100,000

#### Ordinary Share Capital

10,000 "R" ordinary shares of £1 £10,000

10,000 "E" ordinary shares of £1 £10,000

£20,000

Total Share Capital £120,000

#### 10. SHARE CAPITAL (continued)

The £100,000 7.5% cumulative preference shares were issued to Reed International P.L.C. at par for general corporate purposes on 30 November 1992, the price being satisfied in cash.

2 'R' ordinary shares were issued nil paid to Reed International P.L.C. for the purposes of incorporation. These shares were paid up in cash at par on 30 November 1992.

9,998 'R' ordinary shares were issued to Reed International P.L.C. on 1 January 1993 in return for the entire issued share capital of Reed International (UK) Limited (subsequently renamed Reed Elsevier (UK) Limited).

10,000 'E' ordinary shares were issued to Elsevier NV on 1 January 1993 in return for the entire issued share capital of Reed Elsevier Holdings BV and 90% of the issued share capital of ESI Stampa Medica Srl.

#### 11. SHARE PREMIUM

Premium arising on issue of 9,998 'R' shares on 1 January 1993	<u>£323,956,543</u>
--	---------------------

In accordance with s132 CA1985 premium was recognised on the issue of the 9,998 'R' shares.

In accordance with s131 CA1985 no premium was recognised on the issue of the 10,000 'E' shares.

#### 12. CONTINGENT LIABILITIES

The Company has contingent liabilities of £2,523,824 in respect of borrowings of subsidiary undertakings.