

STATUTORY

CASSIS PUBLISHING COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31ST DECEMBER 1997

Miell and Company
Registered Auditor
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ

COMPANY REGISTRATION NUMBER:
856435



OFFICERS AND ADMINISTRATION

DIRECTORS

D Spence
Mrs P A Smith

SECRETARY

Mrs P A Smith

REGISTERED OFFICE

RealPage House
Abingdon Science Park
Barton Lane
Abingdon
Oxfordshire
OX14 3NB

COMPANY REGISTRATION NUMBER

856435

AUDITORS

Miell and Company
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

DIRECTORS' REPORT

The directors present their report together with the audited accounts for the year ended 31st December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be the provision of management consultancy and accounting services, together with the pursuit of publishing activities.

In July 1998, the company acquired the rights to publish the Scholarly Communications Report.

DIRECTORS

The following directors held office during the year and their interests, including family interests in the shares of the company at the year end were as follows:

	1997	1996
	Ordinary Shares of £1 each	
D Spence (Nominee)	1	1
Ms J Stevens	-	-
Mrs P A Smith	-	-

Ms. J Stevens resigned as a director on 31st March 1998.

The interests of the directors in the holding company at the year end were as follows:-

	1997	1996
	Ordinary Shares of £1 each	
D Spence	24000 (96%)	24000 (96%)
Ms J Stevens	500 (2%)	500 (2%)
Mrs P A Smith	500 (2%)	500 (2%)

TAX STATUS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

DIRECTORS' REPORT - Continued

AUDITORS

The auditors Miell and Company have expressed their willingness to continue in office, and in accordance with section 385 of the Companies Act 1985 a resolution proposing their re-appointment will be submitted at the General Meeting at which these accounts are presented.

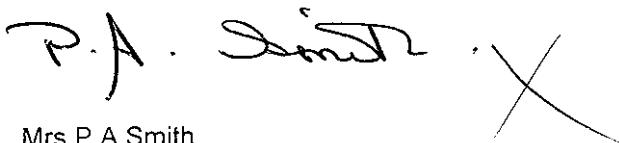
YEAR 2000 COMPLIANCE

The directors have assessed the risk to the business resulting from the changes to the Year 2000. The accounting system is confirmed to be Year 2000 compliant, and although it is impossible to guarantee that no Year 2000 problems remain, the company is confident that they will be able to deal promptly with any failures that may occur.

SPECIAL EXEMPTIONS

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

A handwritten signature in cursive script, appearing to read 'P.A. Smith', followed by a large, bold 'X' mark.

Mrs P A Smith
SECRETARY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CASSIS PUBLISHING COMPANY LIMITED

We have audited the financial statements on pages 6 to 12 which have been prepared in accordance with the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

As disclosed in note 1, the company is dependent on the continued support of one of its directors. On the basis that this will continue these financial statements have been prepared on a going concern basis. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

OXFORD
13 October 1998



MIELL AND COMPANY
REGISTERED AUDITOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

		1997 £	1996 £
TURNOVER - Continuing operations	(Note 2)	270662	184399
Cost of sales		-	-
GROSS PROFIT		270662	184399
Administrative expenses		249987	157767
OPERATING PROFIT - Continuing operations	(Note 3)	20675	26632
Other interest receivable and similar income	(Note 4)	181	-
Interest payable and similar charges	(Note 5)	4878	-
Profit on ordinary activities before taxation		15978	26632
Taxation on ordinary activities	(Note 6)	3822	63082
RETAINED PROFIT/(LOSS) FOR THE YEAR		12156	(36450)
Balance brought forward		(711801)	(675351)
Balance carried forward		(699645)	(711801)
		=====	=====

The above account includes all recognised gains and losses in the year.

BALANCE SHEET
AT 31ST DECEMBER 1997

		1997 £	1996 £
FIXED ASSETS			
Tangible assets	(Note 7)	70254 =====	34163 =====
CURRENT ASSETS			
Debtors	(Note 8)	138868	209200
Cash at bank	-	24641 -----	8716 -----
		163509	217916
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	(Note 9)	(922763) -----	(963780) -----
NET CURRENT LIABILITIES		(759254) =====	(745864) =====
TOTAL ASSETS LESS CURRENT LIABILITIES		(689000)	(711701)
Creditors: Amounts falling due after one year	(Note 10)	(9236)	-
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	(Note 11)	(1309) -----	- -----
NET LIABILITIES		(699545) =====	(711701) =====
CAPITAL AND RESERVES			
Called up share capital	(Note 13)	100	100
Profit and loss account		(699645) -----	(711801) -----
TOTAL SHAREHOLDERS' FUNDS	(Note 12)	(699545) =====	(711701) =====

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These accounts were approved at a
Board Meeting on 4/10/98.

Directors:

Duncan Gentry
P. A. Smith

X
X

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

These accounts have been prepared under the historical cost convention.

TURNOVER

Turnover represents the value of goods and services provided, stated net of valued added tax.

GOING CONCERN

The accounts have been drawn up on the going concern basis. This basis may not be appropriate because at 31st December 1997 the liabilities of the company exceeded its assets by £699545. If this basis were not appropriate adjustments would have to be made to reclassify fixed assets as current assets, to reduce the value of assets to their recoverable amount and to provide for any further liabilities that might arise. At 31st December 1997, the company owed Grantcole Limited £858091 and was dependent on the continued support of its holding company. In April 1998 Duncan Spence, the ultimate controlling party and a director of the company, loaned Cassis Publishing Company Limited funds to repay its holding company. Cassis Publishing Company Limited is now dependent on the continued support of this director.

DEPRECIATION

Depreciation has been provided on fixed assets at rates calculated so as to write off the cost less residual value over the estimated useful life, as follows:-

Office equipment	-	Reducing balance basis at 35% per annum
Motor vehicles	-	Reducing balance basis at 25% per annum

PENSIONS

The company operates a non contributory money purchase pension scheme for directors. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are charged against profit in the year in which they are made.

LEASING

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of interest relating to future periods. The interest element of each repayment is charged to the profit and loss account on a straight line basis over the term of the agreement.

Rentals payable under operating leases are charged to the profit and loss account in the period to which they relate.

DEFERRED TAXATION

Deferred taxation is provided, at the appropriate rate, on all timing differences to the extent that it is likely that a liability or asset will crystallise in the foreseeable future.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

1. ACCOUNTING POLICIES - continued

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Trading transactions in foreign currencies are translated at the rates ruling at the date of the transactions.

2. TURNOVER

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15% of the company's turnover arises from markets outside the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated:	1997	1996
After charging:	£	£
Directors' emoluments - Salary	138882	61880
- Pension contributions	9600	9066
- Benefits in kind	14161	7400
Depreciation of owned assets	14448	5748
Auditors' remuneration	1800	1478
	=====	=====

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1997	1996
	£	£
Bank deposit interest	181	-
	=====	=====

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Interest on late payment of corporation tax	4523	-
Hire purchase interest	355	-
	-----	-----
	4878	-
	=====	=====

6. TAXATION

	1997	1996
	£	£
Corporation tax based on profit for the year at 21.7% (1996 - 24.25%)	3124	6467
Adjustments in respect of previous years	(611)	56615
Deferred taxation (Note 11)	1309	-
	-----	-----
	3822	63082
	=====	=====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

7. TANGIBLE ASSETS

	Motor vehicles £	Office equipment £	Total £
COST			
At 1st January 1997	34932	4979	39911
Additions	17421	33118	50539
	-----	-----	-----
At 31st December 1997	52353	38097	90450
	=====	=====	=====
DEPRECIATION			
At 1st January 1997	4366	1382	5748
Charge for the year	8730	5718	14448
	-----	-----	-----
At 31st December 1997	13096	7100	20196
	=====	=====	=====
NET BOOK VALUES			
At 31st December 1996	30566	3597	34163
	=====	=====	=====
At 31st December 1997	39257	30997	70254
	=====	=====	=====

Included above are assets held under hire purchase agreements as follows:

	Motor vehicles £
Cost	17421
Accumulated depreciation	1089

Net book value at 31st December 1997	16332
	=====
Depreciation charge for the year	1089
	=====

Liabilities under hire purchase agreements are secured on the assets acquired.

8. DEBTORS

	1997 £	1996 £
Trade debtors	108028	209025
Other debtors	30839	174
Amounts owed by group companies	1	1
	-----	-----
	138868	209200
	=====	=====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

9. CREDITORS: Amounts falling due within one year	1997 £	1996 £
Trade creditors	1709	4509
Amounts owed to group companies	858091	858091
Amounts outstanding under hire purchase agreements	5833	-
Other creditors	50100	38097
Corporation tax	7030	63083
	<u>922763</u> =====	<u>963780</u> =====
10. CREDITORS: Amounts falling due after more than one year	1997 £	1996 £
Amounts outstanding under hire purchase agreements	<u>9236</u> =====	<u>-</u> =====
11. DEFERRED TAXATION	1997 £	1996 £
Transfer for the year (Note 6)	<u>1309</u>	<u>-</u>
Balance as at 31st December 1997	<u>1309</u> =====	<u>-</u> =====
The amounts provided for deferred taxation is in respect of accelerated capital allowances. There were no amounts unprovided at 31st December 1997.		
12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1997 £	1996 £
Profit/(loss) for the year	12156	(36450)
Opening shareholders' funds	<u>(711701)</u>	<u>(675251)</u>
Closing shareholders' funds	<u>(699545)</u> =====	<u>(711701)</u> =====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1997 - Continued

13. CALLED UP SHARE CAPITAL

	1997	1996
	£	£
AUTHORISED, ISSUED AND FULLY PAID Equity ordinary shares of £1 each	100 =====	100 =====
 CALLED UP, ALLOTTED AND FULLY PAID Equity ordinary shares of £1 each	 100 =====	 100 =====

14. RELATED PARTY TRANSACTIONS

During the year the company paid £7285 in respect of consultancy fees and £600 for serviced accommodation to its holding company Grantcole Ltd (formerly Journals Oxford Ltd).

It also paid the following amounts to Catchword Limited, a company in which Duncan Spence and Pauline Smith were directors:

IT Consultancy	£2849
Loan (repaid January 1998)	£30000

In addition, the company charged the following amounts to companies in which Duncan Spence and Pauline Smith were also directors:

Grantcole Ltd	£43460
Current Medical Literature Ltd	£153516
Catchword Ltd	£4743

The company also charged Duncan Spence £5000 for taxation and accountancy advice.

The above amounts are included in Turnover.

Related party balances at the balance sheet date were as follows:

Assets	Catchword Ltd	£34785
	Current Medical Literature Ltd	£62196
	Duncan Spence	£5000
Liabilities	Current Medical Literature Ltd	£6292
	Grantcole Limited (Note 1)	£858091

15. POST BALANCE SHEET EVENTS

In July 1998 the company purchased the rights to publish Scholarly Communications Report for £14,000. This publication covered the latest developments in electronic publishing.

16. ULTIMATE HOLDING COMPANY

Grantcole Limited (formerly Journals Oxford Limited), a company incorporated in England, was the Company's ultimate holding company for the year under review.