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Registration Number 2375310

Anness Publishing Limited
Directors' Report and Financial Statements
for the year ended 31 August 1996



Anness Publishing Limited

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Anness Publishing Limited

**Directors' Report
for the year ended 31 August 1996**

The directors present their report and the financial statements for the year ended 31 August 1996.

Principal Activity

The principal activity of the company remained that of publishing and editing services both in the United Kingdom and overseas.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Class of share	Number of shares	
		1996	1995
Mr P Anness	£1 Ordinary shares	900	900
Ms J Lorenz	£1 Ordinary shares	100	100

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

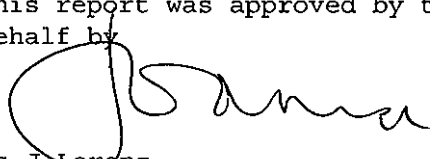
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

Michael Leong and Company have not submitted themselves for reappointment as auditors to the company. A resolution to appoint the new auditors will be presented to the Annual General Meeting.

In the preparation of this report the directors have taken advantage of the exemptions applicable to small companies as conferred by Part II of Schedule 8 of the Companies Act 1985.

This report was approved by the Board on 3 February 1998 and signed on its behalf by


Ms J Lorenz
Secretary

Anness Publishing Limited
Auditors' Report to the Shareholders of Anness Publishing Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

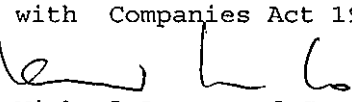
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

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

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at the 31 August 1996 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with Companies Act 1985 as applicable to small companies.



Michael Leong and Company

Chartered Accountants and
Registered Auditors

43 Overstone Road
London W6 0AD

3 February 1998

Auditors' Report to the Directors of Anness Publishing Limited
pursuant to Section 248(3) of the Companies Act 1985

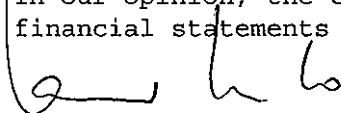
We have examined the financial statements of the company and each of its subsidiaries for the year ended 31 August 1996.

Basis of opinion

The scope of this work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion, the company is entitled to the exemption from preparing group financial statements conferred by Section 248 of the Companies Act 1985.



Michael Leong and Company

Chartered Accountants and
Registered Auditors

43 Overstone Road
London W6 0AD

3 February 1998

Anness Publishing Limited

Profit and Loss Account
for the year ended 31 August 1996

		Continuing operations	
		1996	1995
	Notes	£	£
Turnover		17,216,673	10,336,833
Cost of sales		(15,314,559)	(8,891,034)
Gross profit		1,902,114	1,445,799
Distribution costs		(1,154,046)	(661,204)
Administrative expenses		(878,068)	(337,063)
Operating (loss)/profit	2	(130,000)	447,532
Interest receivable and similar income		26,075	39,011
Interest payable and similar charges	3	(149,800)	(118,571)
(Loss)/profit on ordinary activities before taxation		(253,725)	367,972
Tax on (loss)/profit on ordinary activities	6	55,410	(81,771)
(Loss)/retained profit for the year		(198,315)	286,201
Retained profit brought forward		779,903	493,702
Retained profit carried forward		581,588	779,903

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 12 form an integral part of these financial statements.

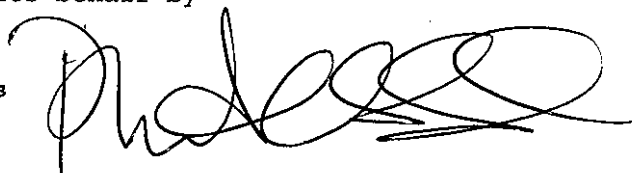
Anness Publishing Limited

Balance Sheet
as at 31 August 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	7	85,629	19,621
Investments	8	5,437	5,437
		<u>91,066</u>	<u>25,058</u>
Current Assets			
Stocks and WIP		4,894,430	2,439,469
Debtors	9	6,059,820	4,205,820
Cash at bank and in hand		340,143	788,434
		<u>11,294,393</u>	<u>7,433,723</u>
Creditors: amounts falling due within one year	10	<u>(10,802,871)</u>	<u>(6,677,878)</u>
Net Current Assets		<u>491,522</u>	<u>755,845</u>
Total Assets Less Current Liabilities		<u>582,588</u>	<u>780,903</u>
Capital and Reserves			
Called up share capital	11	1,000	1,000
Profit and loss account		581,588	779,903
Equity Shareholders' Funds	12	<u>582,588</u>	<u>780,903</u>

The financial statements were approved by the Board on 3 February 1998 and signed on its behalf by

Mr P Anness
Director



The notes on pages 7 to 12 form an integral part of these financial statements.

Anness Publishing Limited

Cash Flow Statement
for the year ended 31 August 1996

		1996	1995
	Notes	£	£
Net cash outflow from operating activities	13	(833,499)	(203,042)
Returns on investments and servicing of finance			
Interest received		26,075	24,818
Interest paid		(149,800)	(118,571)
Net cash inflow from return on investments and servicing of finance		(123,725)	(93,753)
Taxation			
Corporation tax paid (including Advance Corporation Tax)		(46,482)	(64,752)
Tax repaid		(46,482)	(64,752)
Investing activities			
Payments to acquire tangible assets		(88,486)	(15,882)
Net cash outflow from investing activities		(88,486)	(15,882)
Net cash outflow before financing		(1,092,192)	(377,429)
Financing			
Capital element of hire purchase contracts		-	(1,009)
Net cash inflow from financing		-	(1,009)
Decrease in cash and cash equivalents	15	(1,092,192)	(378,438)

The notes on pages 7 to 12 form an integral part of these financial statements.

Anness Publishing Limited

**Notes to the Financial Statements
for the year ended 31 August 1996**

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided to customers, from the publishing projects undertaken by the company, excluding VAT, during the year.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight Line over the life of the lease
Fixtures, fittings and equipment	-	25% Straight Line
Motor vehicles	-	33.33% Straight Line
Computer equipment	-	50% Straight Line

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stocks and work in progress

Work in progress comprise of direct development expenditure, excluding printing costs, incurred on titles owned by the company. Development costs are written off to the profit and loss account so as to provide a reasonable matching of revenue and costs in each accounting period. The value of work in progress at the year end was £1,539,057 (1995 : £946,330). Book and other stocks are valued at the lower of cost and net realisable value which, at the year end date totalled £3,355,373 (1995 : £1,493,139)

1.7 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

Anness Publishing Limited

**Notes to the Financial Statements
for the year ended 31 August 1996**

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.10 Consolidated accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Operating (loss)/profit	1996	1995
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	25,470	4,840
Loss on disposal of tangible fixed assets	-	110
Hire of plant and machinery	18,283	6,306
Auditors' remuneration	12,800	8,500
and after crediting:		
Profit on foreign currencies	52,356	60,208

3. Interest payable and similar charges	1996	1995
	£	£
Included in this category is the following:		
On bank loans and overdrafts	145,556	117,130
Hire purchase interest	-	255
On overdue tax	4,244	1,186
	149,800	118,571

4. Directors' emoluments	1996	1995
	£	£
Remuneration		
Directors' emoluments	141,083	80,353

5. Pension costs

The company operates a defined contribution scheme. During the year the company contributed £18200 (1995 - £14125).

Anness Publishing Limited

**Notes to the Financial Statements
for the year ended 31 August 1996**

6. Taxation	1996	1995
	£	£
UK current year taxation		
UK Corporation Tax at 25% (1995 - 26%)	(55,410)	81,786
	<u>(55,410)</u>	<u>81,786</u>
Prior years		
UK Corporation Tax	-	(15)
	<u>(55,410)</u>	<u>81,771</u>

7. Tangible assets	Short leasehold property	Fixtures, fittings & equipment	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 September 1995	-	33,341	7,897	10,819	52,057
Additions	2,883	32,260	-	58,103	93,246
	<u>2,883</u>	<u>65,601</u>	<u>7,897</u>	<u>68,922</u>	<u>145,303</u>
At 31 August 1996	2,883	65,601	7,897	68,922	145,303
Depreciation					
At 1 September 1995	-	24,296	2,709	5,431	32,436
Charge for the year	577	6,522	3,210	16,929	27,238
	<u>577</u>	<u>30,818</u>	<u>5,919</u>	<u>22,360</u>	<u>59,674</u>
At 31 August 1996	577	30,818	5,919	22,360	59,674
Net book values					
At 31 August 1996	2,306	34,783	1,978	46,562	85,629
	<u>2,306</u>	<u>34,783</u>	<u>1,978</u>	<u>46,562</u>	<u>85,629</u>
At 31 August 1995	-	9,045	5,188	5,388	19,621
	<u>-</u>	<u>9,045</u>	<u>5,188</u>	<u>5,388</u>	<u>19,621</u>

8. Investments

	Subsidiary Undertakings Shares	Other Unlisted Investments	Total
	£	£	£
Cost			
At 1 September 1995 & At 31 August 1996	437	5,000	5,437
	<u>437</u>	<u>5,000</u>	<u>5,437</u>
Net book values			
At 31 August 1996	437	5,000	5,437
	<u>437</u>	<u>5,000</u>	<u>5,437</u>
At 31 August 1995	437	5,000	5,437
	<u>437</u>	<u>5,000</u>	<u>5,437</u>

Anness Publishing Limited

Notes to the Financial Statements for the year ended 31 August 1996

8.1 Holdings 10% or more

The company holds 10% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertaking			
Anness Publishing Pty Limited	Australia	Ordinary	90%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Anness Publishing Pty Limited	59,398	77,200

9. Debtors

	1996 £	1995 £
Trade debtors	4,507,581	3,671,303
Amounts owed by group undertakings	657,492	287,385
Other debtors	209,153	16,910
Prepayments and accrued income	685,594	230,222
	<u>6,059,820</u>	<u>4,205,820</u>

10. Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdraft (fully secured)	2,092,701	1,448,801
Trade creditors	8,376,992	4,853,551
Corporation tax	29,317	128,216
Other taxes and social security costs	31,826	(52,026)
Other creditors	31,628	75
Accruals and deferred income	240,407	299,261
	<u>10,802,871</u>	<u>6,677,878</u>

The bank overdraft, repayable on demand, is secured by a Mortgage Debenture dated 27.1.92 and two life insurance policies.

Anness Publishing Limited

Notes to the Financial Statements
for the year ended 31 August 1996

11.	Share capital	1996	1995
		£	£
	Authorised equity		
	1,000 Ordinary Shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid equity		
	1,000 Ordinary Shares of £1 each	1,000	1,000
		<u> </u>	<u> </u>
	During the year the Class B ordinary shares were converted to rank pari-passu with the existing Class A ordinary shares.		
12.	Reconciliation of movements in shareholders' funds	1996	1995
		£	£
	(Loss)/profit for the year	(198,315)	286,201
	Opening shareholders' funds	780,903	494,702
		<u> </u>	<u> </u>
		582,588	780,903
		<u> </u>	<u> </u>
13.	Reconciliation of operating (loss)/profit to net cash outflow from operating activities	1996	1995
		£	£
	Operating (loss)/profit	(130,000)	447,532
	Depreciation	25,470	4,950
	(Increase) in stocks	(2,454,961)	(1,273,632)
	(Increase) in debtors	(1,854,000)	(1,477,549)
	Increase in creditors	3,579,992	2,095,657
		<u> </u>	<u> </u>
	Net cash outflow from operating activities	(833,499)	(203,042)
		<u> </u>	<u> </u>
14.	Analysis of changes in cash and cash equivalents during the year	1996	1995
		£	£
	Balance as at 1 September 1995	(660,367)	(282,230)
	Net cash outflow	(1,092,191)	(378,137)
		<u> </u>	<u> </u>
	Balance as at 31 August 1996	(1,752,558)	(660,367)
		<u> </u>	<u> </u>

Anness Publishing Limited

Notes to the Financial Statements
for the year ended 31 August 1996

15. Cash and cash equivalents as shown in the Balance Sheet

	1996	1995	Change in year	Change in comparative year
	£	£	£	£
Cash at bank and in hand	340,143	788,434	(448,291)	339,661
Bank overdrafts and loans	(2,092,701)	(1,448,801)	(643,900)	(717,798)
	<u>(1,752,558)</u>	<u>(660,367)</u>	<u>(1,092,191)</u>	<u>(378,137)</u>

16. Analysis of changes in financing
during the year

	Opening balance	Closing balance
	£	£
Ordinary share capital	<u>1,000</u>	<u>1,000</u>