



**THE REED EXHIBITION COMPANIES
LIMITED**

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**



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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Rusbridge (Chairman)
P N Forster
T G Heinersdorff (resigned 13 October 1995)
R C Marriott (resigned 1 August 1995)
R C Rees
P G B Robinson
A Wallis
M R Whibley
T E Caridi * (resigned 30 March 1995)

* Non-UK based director.

SECRETARY

R C Rees

REGISTERED OFFICE

Oriel House
26 The Quadrant
Richmond
Surrey
TW9 1DL

BANKERS

National Westminster Bank Plc
City of London Office
21 Lombard Street
London
EC3P 3AR

SOLICITORS

DJ Freeman
43 Fetter Lane
London
EC4A 1NA

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITY

The company's principal activity during the year was event organising.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company envisages that it will continue to strengthen its existing event portfolio whilst developing new market opportunities for its brand leaders.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend for the year ended 31 December 1995 (1994 - £Nil). The company's retained profit for the year of £4,453,397 (1994 - £4,859,868) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The membership of the board during the year is set out on page 1.

No director had, at any time in the year, any interest in the share capital of the company or any other companies within the Reed Elsevier plc group.

No director had, at any time during the year, any material interest in a contract with the company.

DIRECTORS' AND OFFICERS' LIABILITY

During the year liability insurance was maintained for the company's directors and officers.

FIXED ASSETS

Movements in intangible and tangible fixed assets during the year are detailed in notes 8 and 9 to the financial statements.

EMPLOYEE PARTICIPATION

Employees are encouraged to become aware of the financial and economic factors which affect the company and its ability to compete in the marketplace. The individual conditions of staff are recognised as being essential to the future success of the business.

The Reed Elsevier plc SAYE Share Option Scheme enables employees to participate in the future prosperity of the company.

DISABLED PERSONS

It is the policy of the company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

**DIRECTORS' REPORT****AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

R C Rees

Secretary

8 July 1996

**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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- 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. 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.



Chartered Accountants

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

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AUDITORS' REPORT TO THE MEMBERS OF

THE REED EXHIBITION COMPANIES LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared under 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 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 at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

8 July 1996




PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER	2	36,292,146	29,315,489
Staff costs	3	(5,353,678)	(4,374,752)
Depreciation and other amounts written off fixed assets		(729,975)	(695,087)
Other operating charges		(26,470,183)	(21,568,898)
OPERATING PROFIT		3,738,310	2,676,752
Exceptional items			
Net loss on sale of fixed assets	5	-	(277,179)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		3,738,310	2,399,573
Income from shares in subsidiary undertakings		-	1,511,000
Interest receivable and similar income	6	26,960	99,026
Interest payable and similar charges	6	(34,002)	(117,687)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	3,731,268	3,891,912
Tax on profit on ordinary activities	7	(323,570)	967,956
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING THE RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES		3,407,698	4,859,868
Retained profit brought forward		7,012,967	2,153,099
Retained profit carried forward		10,420,665	7,012,967

All activities derive from continuing operations.

There are no recognised gains and losses or other movements in shareholders funds other than the profit for the financial year. Accordingly, no statement of total recognised gains and losses or a reconciliation of movement in shareholders funds are given.


**BALANCE SHEET
31 December 1995**

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Intangible assets	8		18,055,434		16,377,893
Tangible assets	9		1,335,544		1,727,967
Investments	10		105,966		3,504,507
			<u>19,496,944</u>		<u>21,610,367</u>
CURRENT ASSETS					
Debtors:					
Amounts falling due within one year	11	3,792,550		2,973,146	
Amounts falling due after more than one year	11	5,724,093		5,259,726	
Cash at bank and in hand		228,222		202,110	
		<u>9,744,865</u>		<u>8,434,982</u>	
CREDITORS: amounts falling due within one year	12	<u>(17,173,704)</u>		<u>(13,416,065)</u>	
NET CURRENT LIABILITIES			<u>(7,428,839)</u>		<u>(4,981,083)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			12,068,105		16,629,284
CREDITORS: amounts falling due after more than one year	13		(573,840)		(8,423,935)
PROVISIONS FOR LIABILITIES AND CHARGES	14		-		(118,782)
NET ASSETS			<u>11,494,265</u>		<u>8,086,567</u>
CAPITAL AND RESERVES					
Called up share capital	15		531,260		531,260
Share premium account			542,340		542,340
Profit and loss account			10,420,665		7,012,967
TOTAL SHAREHOLDERS' FUNDS			<u>11,494,265</u>		<u>8,086,567</u>
Attributable to equity shareholders			10,968,265		7,560,567
Attributable to non-equity shareholders			526,000		526,000
			<u>11,494,265</u>		<u>8,086,567</u>

These financial statements were approved by the Board of Directors on 8 July 1996

Signed on behalf of the Board of Directors

M J Rusbridge

Director

**NOTES TO THE ACCOUNTS****Year ended 31 December 1995****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 1 - 'Cash Flow Statements', the company has not prepared a cash flow statement because its ultimate parent company, Reed Elsevier plc, which is registered in England and Wales, has prepared consolidated accounts which include the accounts of the company for the year and which contain a cash flow statement.

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the invoice value of space sold and other revenue received in respect of exhibitions held during the year, excluding value added tax.

Intangible assets

Exhibition titles and rights are stated at fair value on acquisition and are not subsequently revalued. Having no finite economic life, no systematic amortisation is applied but provision is made for any permanent impairment in value. Internally developed intangibles are not carried on the balance sheet.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on a basis that will write off the book value of fixed assets on a straight line basis over their expected lives. The rates of depreciation are as follows :

Vehicles and equipment	10% to 33%
Leasehold land and buildings	Over the unexpired lease term
Certain leasehold improvements	20%

Fixed asset investments

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

Deferred income

The amount included in creditors for deferred income represents revenue received less direct expenditure incurred on future exhibitions.

Deferred taxation

Deferred taxation is provided using the liability method, to take account of the full timing differences between the treatment of items for taxation and accounting purposes where it is considered that a liability or asset will crystallise.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
1. ACCOUNTING POLICIES (continued)
Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Rentals under operating leases are charged as incurred to the profit and loss account over the lease term. The company does not hold any assets under finance leases.

Pensions

The Reed Pension Scheme and Reed Executive Pension Scheme, both of which are defined benefit schemes, are administered on a Reed Elsevier plc group basis and total contributions are assessed by a qualified actuary based on the cost of providing pensions across all participating Reed Elsevier plc group companies. Costs are not determined separately for each participating company, hence contributions are charged to the profit and loss account in the year on the basis of amounts payable.

2. TURNOVER

The geographical analysis of the company's turnover is as follows:

	1995 £	1994 £
United Kingdom	28,010,834	22,163,489
Europe	4,133,469	4,300,000
Rest of the world	4,147,843	2,852,000
	<u>36,292,146</u>	<u>29,315,489</u>

All turnover derives from the company's principal activity.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 No	1994 No
Average number of persons employed		
Administration/organising	63	66
Sales/marketing	94	85
	<u>157</u>	<u>151</u>
	£	£
Staff costs (including directors)		
Wages and salaries	4,931,868	4,001,568
Social security costs	417,189	370,898
Pensions	4,621	2,286
	<u>5,353,678</u>	<u>4,374,752</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	1995 £	1994 £
Directors' emoluments		
Other remuneration	985,074	966,816
Compensation for loss of office	84,750	-
	<u>1,069,824</u>	<u>966,816</u>

The number of directors (other than those who worked wholly or mainly outside the UK) in each range of emoluments (excluding pension contributions and compensation for loss of office) was as follows:

	1995 £	1994 £
Remuneration of the chairman and highest paid director	<u>250,115</u>	<u>234,496</u>

All UK directors:

Scale of directors' remuneration	No	No
£ 20,001 - £ 25,000	-	1
£ 25,001 - £ 30,000	-	2
£ 40,001 - £ 45,000	-	1
£ 45,001 - £ 50,000	1	-
£ 60,001 - £ 65,000	-	2
£ 70,001 - £ 75,000	2	1
£ 75,001 - £ 80,000	-	1
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	-	2
£ 110,001 - £ 115,000	1	1
£ 150,001 - £ 155,000	2	-
£ 230,001 - £ 235,000	-	1
£ 250,001 - £ 255,000	1	-

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
Profit on ordinary activities before taxation is after charging/(crediting):		
Rentals under operating leases		
Hire of plant and machinery	56,101	60,000
Land and buildings	613,631	605,000
Loss on foreign currency exchange	160,962	279,345
Auditors' remuneration		
Audit fees	25,600	20,000
Non audit fees	3,000	3,000
Sub-lease income from operating leases	(11,533)	(19,239)
Provision against amounts owed by subsidiary undertakings	<u>1,045,699</u>	<u>-</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
5. EXCEPTIONAL ITEMS

	1995 £	1994 £
Loss on disposal of Button Group Limited	-	719,412
Loss on disposal of other fixed assets	-	115,197
Profit on disposal of interest in unincorporated joint venture	-	(557,430)
	<u>-</u>	<u>277,179</u>

6. INTEREST

	1995 £	1994 £
Interest receivable and similar income		
Other interest receivable	26,960	99,026
	<u>26,960</u>	<u>99,026</u>
Interest payable and similar charges		
Interest payable to fellow subsidiary undertakings	33,871	116,142
Other short term interest payable	131	1,545
	<u>34,002</u>	<u>117,687</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994 - 33%) based on the profit for the year	81,100	22,061
Less: Relief for overseas taxation	(24,540)	(22,061)
	56,560	-
Prior year adjustment - Corporation tax	50,739	(1,334,898)
Overseas taxation	24,540	22,061
Deferred taxation	191,731	344,881
	<u>323,570</u>	<u>(967,956)</u>

The tax charge is disproportionate to the profit for the year, due to the receipt of group relief for nil consideration.

8. INTANGIBLE FIXED ASSETS

	Exhibition titles and rights £
Cost	
At 1 January 1995	16,377,893
Reclassification from investments	1,738,541
Disposals	(61,000)
	<u>18,055,434</u>
At 31 December 1995	



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

9. TANGIBLE FIXED ASSETS

	Short term leasehold land and buildings £	Vehicles and equipment £	Total £
Cost			
At 1 January 1995	543,988	3,471,228	4,015,216
Additions	-	572,201	572,201
Disposals	(250,000)	(292,213)	(542,213)
	<u>293,988</u>	<u>3,751,216</u>	<u>4,045,204</u>
At 31 December 1995			
Accumulated depreciation			
At 1 January 1995	108,269	2,178,980	2,287,249
Charge for the year	43,348	686,627	729,975
Disposals	(35,694)	(271,870)	(307,564)
	<u>115,923</u>	<u>2,593,737</u>	<u>2,709,660</u>
At 31 December 1995			
Net book amount			
At 31 December 1995	<u>178,065</u>	<u>1,157,479</u>	<u>1,335,544</u>
At 31 December 1994	<u>435,719</u>	<u>1,292,248</u>	<u>1,727,967</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

10. FIXED ASSET INVESTMENTS

**Shares in subsidiary
undertakings
at cost
£**

At 1 January 1995	3,504,507
Disposal to fellow subsidiary undertaking	(1,660,000)
Reclassification to intangible fixed assets	(1,738,541)
	<hr/>
At 31 December 1995	105,966
	<hr/>

Details of companies (excluding dormant companies) in which the company holds more than 10% of any class of equity share capital or more than 10% of the total allotted share capital are given below:

	Principal activity	Proportion of Ordinary Shares held
Reed Midem Organisation Limited	Exhibition organising and design	100%
Cahners Asia Limited	Magazine publisher	100%
BR Exhibitions Limited	Exhibition organising and design	100%
IBIS Direct Marketing Limited	Exhibition organisation and design and mailing list distribution	100%
SARL Button Design Contracts France	Exhibition organising and design	100%

All of the above companies are registered and operating in England and Wales, with the exception of SARL Button Design Contracts France which is registered and operating in France.

The directors consider the market value of the company's investments to be not less than their carrying value.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
11. DEBTORS

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	464,426	309,159
Amounts owed by ultimate parent and fellow subsidiary undertakings	1,763,604	690,797
Amounts owed by subsidiary undertakings	187,566	360,711
Other debtors	404,168	505,374
Prepayments and accrued income	101,491	268,935
Deferred taxation (note 14)	256,371	166,747
Corporation tax	614,924	671,423
	<u>3,792,550</u>	<u>2,973,146</u>
Amounts falling due after more than one year		
Amounts owed by subsidiary undertakings	5,671,953	4,926,231
Deferred taxation (note 14)	52,140	333,495
	<u>5,724,093</u>	<u>5,259,726</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Trade creditors	764,431	473,333
Amounts owed to ultimate parent and fellow subsidiary undertakings	6,210,220	2,234,889
Other taxes and social security	336,171	490,367
Other creditors	2,052,222	4,509,242
Accruals and net deferred income	7,810,660	5,708,234
	<u>17,173,704</u>	<u>13,416,065</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Amounts owed to ultimate parent and fellow subsidiary undertakings	-	7,928,243
Amounts owed to subsidiary undertakings	573,840	495,692
	<u>573,840</u>	<u>8,423,935</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
14. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Acquisitions	
At 1 January 1995	118,782
Utilised in the year	<u>(118,782)</u>
At 31 December 1995	<u>-</u>
Deferred taxation	
Balance at 1 January 1995	(500,242)
Provided in year	<u>191,731</u>
Balance at 31 December 1995	<u>(308,511)</u>

The deferred taxation asset is included within debtors (note 11).

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided 1995 £	Provided 1994 £	Not provided 1995 £	Not provided 1994 £
Capital allowances in excess of depreciation	-	-	(160,291)	(129,072)
Other timing differences:				
Within one year	(256,371)	(166,747)	(131,944)	(132,294)
More than one year	<u>(52,140)</u>	<u>(333,495)</u>	<u>-</u>	<u>-</u>
	<u>(308,511)</u>	<u>(500,242)</u>	<u>(292,235)</u>	<u>(261,366)</u>

15. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised		
39,260 Ordinary shares of £1 each	39,260	39,260
526,000 Deferred shares of £1 each	<u>526,000</u>	<u>526,000</u>
	<u>565,260</u>	<u>565,260</u>
Called up, allotted and fully paid		
5,260 Ordinary shares of £1 each	5,260	5,260
526,000 Deferred shares of £1 each	<u>526,000</u>	<u>526,000</u>
	<u>531,260</u>	<u>531,260</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

16. FINANCIAL COMMITMENTS

	1995 £	1994 £
Capital commitments		
Contracts placed	52,476	34,543

Operating lease commitments

At 31 December 1995, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Plant and machinery £
Leases which expire:		
Within one year	-	9,764
Within two to five years	312,375	14,556
After five years	415,775	-
	<u>728,150</u>	<u>24,320</u>

17. PENSIONS

The company participates in the Reed Pension Scheme and the Reed Executive Pension Scheme. These schemes are of the defined benefit type providing benefits to certain employees within the Reed Elsevier plc group and their assets are held separately from the group's assets.

The total pension cost for the company was £4,621 (1994 - £2,286). From 1 April 1989, on the recommendation of the group's actuaries, no company contributions have been made to the group scheme. A valuation of the Reed Pension Scheme was carried out as at 5 April 1994. Details of this valuation are contained in the financial statements of Reed Elsevier plc.

18. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Reed Elsevier plc which is registered in England and Wales.

Copies of the consolidated financial statements of Reed Elsevier plc may be obtained from its registered office at Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS. Reed Elsevier plc is jointly owned by Reed International PLC (a company registered in England and Wales) and Elsevier NV (a company incorporated in the Netherlands).