

**CENTAUR COMMUNICATIONS
LIMITED**

1595235

REPORT AND ACCOUNTS 1987

154535

CENTAUR COMMUNICATIONS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
30 June 1987



CENTAUR COMMUNICATIONS LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1987

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CENTAUR COMMUNICATIONS LIMITED

NOTICE OF MEETING

Notice is hereby given that the fifth Annual General Meeting of Centaur Communications Limited will be held at St Giles House, 49/50 Poland Street, London W1 on 1 December 1987 at 10.30 am for the following purposes:

ORDINARY BUSINESS

- 1 To receive and adopt the reports of the directors and the auditors and the accounts for the year ended 30 June 1987.
- 2 To elect the following directors who retire and being eligible offer themselves for re-election:

GV Sherren
CWM Wilson
CRE Brooke
JW Raw
- 3 To elect Price Waterhouse as auditors and to authorise the directors to fix their remuneration.

Dated this 6th day of November 1987

By Order of the Board

JW Raw

SECRETARY

Note

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the company. Proxy forms must be lodged with the Secretary, St Giles House, 49/50 Poland Street, London W1 not later than 48 hours before the time for holding the meeting.

CENTAUR COMMUNICATIONS LIMITED

CHAIRMAN'S STATEMENT

I am delighted to report that after investing a further £516,000 on new product development, the Company returned a profit before tax of £2,252,000 (£1,149,000) on sales of £11,575,000 (£7,879,000) for the year ended 30 June 1987.

This is a dramatic increase over the previous year and stems from the strong base which has now been established coupled with the organic growth to which I referred in last year's Report and Accounts.

Design Week, which was launched in September 1986, is now contributing to profits. Corporate Money published weekly from May this year and London Restaurant Business launched in September, are both in the earliest stages of development and will require substantial investment in the year ahead as will The Lawyer in which we acquired a majority shareholding in October. Other developments include the creation of Investment Fund Index, the acquisition of Hali Magazine, a quarterly publication covering fine carpets and textiles for the dealer and collector, and the creation of a seminar division. Marketeer is to be relaunched in November under the title of Marketeer and Discount Trader.

Marketing Week, Money Marketing, Televisual and Creative Review all performed well increasing their readership, share of market and profitability.

The prospects for the current year are indeed exciting and I should like to take this opportunity to thank all members of the staff for their continued efforts.

Charles Wilson

CHAIRMAN

6 November 1987

CENTAUR COMMUNICATIONS LIMITED

DIRECTORS AND OFFICERS

Directors

CWM Wilson (Chairman)
GV Sherren (Chief Executive)
CRE Brooke
GJ Chalk
MAJ Chamberlain
EM Cullman Snr (American)
EM Cullman Jnr (American)
FM Danziger (American)
AJ Nares
JW Raw
RHA Wain

Secretary

JW Raw

Registered Office

St Giles House, 49/50 Poland Street, London W1V 4AX

Auditors

Price Waterhouse
Southwark Towers, 32 London Bridge Street, London SE1 9SY

Solicitors

Richards Butler
5 Clifton Street, London, EC2A 4DQ

Bankers

National Westminster Bank plc

CENTAUR COMMUNICATIONS LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the accounts of the company and its subsidiaries (the group) for the year ended 30 June 1987.

PRINCIPAL ACTIVITIES

Centaur Communications Limited is a holding company which provides administration services to the group. The principal activity of the group is the publication of business journals.

RESULTS AND DIVIDENDS

The consolidated accounts of the group show a profit after taxation of £1,404,000 (1986 - £871,000). The directors do not recommend the payment of a dividend.

CURRENT BUSINESS ENVIRONMENT AND FUTURE PROSPECTS

Since incorporation in 1981 the company has acquired several subsidiaries with magazine publication interests which the company is developing. Magazines which are in the course of development often incur substantial launch and other promotional expenditure and the resultant operating losses have been disclosed separately in the profit and loss account.

TANGIBLE ASSETS

Details of changes in tangible assets are shown in Note 7 to the accounts.

DIRECTORS

The directors who have held office during the year are as follows:

CWM Wilson (Chairman)
GV Sherren (Chief Executive)
CRE Brooke
GJ Chalk
MAJ Chamberlain
EM Cullman Snr (American)
EM Cullman Jnr (American)
FM Danziger (American)
AJ Nares
JW Raw
RHA Wain

CENTAUR COMMUNICATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

The following directors had beneficial interests in the share capital of the company:

	<u>At 6 October 1987</u>	<u>At 30 June 1987</u>	<u>At 30 June 1986</u>
GV Sherren	247,501	247,501	247,501
(in wife's ownership)	27,500	27,500	27,500
AJ Nares	192,501	192,501	192,501
JW Raw	86,000	86,000	86,000
(in wife's ownership)	27,500	27,500	27,500
MAJ Chamberlain	25,000	25,000	25,000
GJ Chalk	14,000	14,000	14,000

In addition, Messrs Cullman Snr, Cullman Jnr and Danziger together have a substantial interest in the share capital of Culbro Corporation, which had a beneficial interest in 423,227 ordinary shares of the company at the beginning and end of the year.

None of the directors had any beneficial interest in the share capital of the subsidiaries during the year.

The following directors were granted options to subscribe for shares of £1 each in Centaur Communications Limited under the executive share option scheme:

	<u>Date option granted</u>	<u>Subscription price per share</u>	<u>Options granted</u>	<u>Expiry date</u>
GV Sherren	September 1986	£6.75	25,064	September 1996
AJ Nares	September 1986	£6.75	3,734	September 1996
JW Raw	September 1986	£6.75	2,202	September 1996
MAJ Chamberlain	November 1984	£2.60	45,000	November 1994

SUBSTANTIAL INTERESTS IN SHARES

The directors have been notified of the following shareholdings which amount to more than 5 per cent of the company's issued share capital as at 30 June 1987:

	<u>%</u>
Culbro Corporation	27.2
GV Sherren	17.7
AJ Nares	12.4
Imperial Life Assurance Company of Canada	7.8
J Rothschild & Company Limited	7.5
JW Raw	7.3

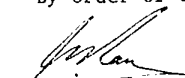
CENTAUR COMMUNICATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Price Waterhouse have indicated their willingness to be re-appointed as auditors to the company.

By Order of the Board


JW RAW

Secretary

6 October 1987

Registered office:

St Giles House
49/50 Poland Street
London
W1V 4AX

CENTAUR COMMUNICATIONS LIMITED

ACTIVITIES OF THE GROUP

<u>Magazines</u>	<u>Publication Frequency</u>
Corporate Money	Weekly
Creative Review	Monthly
Design Week	Weekly
Hali	Bimonthly
International Marketing Review	Quarterly
Investment Fund Index	Quarterly
Lawyer	Fortnightly
London Restaurant Business	Weekly
Marketeer	Weekly
Marketing Week	Weekly
Money Marketing	Weekly
Televisual	Monthly
Your Business	Monthly
<u>Ancillary publications and services</u>	
Annual video magazines	
Conferences and seminars	
Direct Response services	
Directories	
Investment Brief	
Market Trading Annual	
Marketing Week product cards	
Money Marketing product cards	
Your Business product cards	

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We have audited the accounts on pages 9 to 20 in accordance with approved Auditing Standards.

PRICE WATERHOUSE

5 November 1987

Ones (1986) and others have shown that individuals who are exposed to second-hand smoke may suffer from lung cancer, heart disease, asthma, and other respiratory problems. The World Health Organization (WHO) estimates that there are approximately 8 million deaths each year due to tobacco-related diseases.

CENTAUR COMMUNICATIONS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 30 JUNE 1987

	Year ended 30 June 1987		Year ended 30 June 1986	
	Established magazine £'000	New magazine developments £'000	Total £'000	£'000
TURNOVER (Note 2)	10,678	897	11,575	7,879
COST OF SALES	(5,502)	(969)	(6,471)	(4,732)
GROSS PROFIT/(LOSS)	5,176	(72)	5,104	3,147
Distribution costs	(1,200)	(146)	(1,346)	(920)
Administration expenses	(1,420)	(298)	(1,718)	(1,573)
OPERATING PROFIT/(LOSS)	2,556	(516)	2,040	654
Interest receivable			218	180
Bank overdraft interest payable			(6)	(15)
Exceptional items (Note 3)			-	330
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 4)			2,252	1,149
Taxation on ordinary activities (Note 5)			(848)	(278)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION (Note 11)			1,404	871
Earnings per share			90.4p	56.1p

The notes on pages 13 to 20 form
part of these accounts.

17/3/88

CENTAUR COMMUNICATIONS LIMITED

CONSOLIDATED BALANCE SHEET - 30 JUNE 1987

	£'000	£'000	1986 £'000
FIXED ASSETS			
Tangible assets (Note 7)		893	614
Publishing rights (Notes 1(1) and 8)		1,414	1,298
Investments (Note 9)		<u>755</u>	<u>367</u>
		3,062	2,279
CURRENT ASSETS			
Debtors:			
Trade debtors	2,710		1,844
Other debtors	462		515
Prepayments and deferred charges	149		74
Cash at bank and in hand	<u>2,269</u>		<u>1,402</u>
	5,590		3,835
CREDITORS (Amounts falling due within one year)			
Trade creditors	633		235
Other creditors	130		239
Accruals and deferred income	648		918
Taxation and social security	1,629		514
Bank loans and overdrafts	<u>-</u>		<u>36</u>
	3,040		1,942
NET CURRENT ASSETS		2,550	1,893
TOTAL ASSETS LESS CURRENT LIABILITIES		5,612	4,172
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation		<u>36</u>	<u>-</u>
		5,576	4,172
CAPITAL AND RESERVES			
Called up share capital (Note 10)		1,553	1,553
Share premium account		2,540	2,540
Profit and loss account (Note 11)		<u>1,483</u>	<u>79</u>
		5,576	4,172

The notes on pages 13 to 20 form part of these accounts.

CENTAUR COMMUNICATIONS LIMITED

BALANCE SHEET - 30 JUNE 1987

	£'000	£'000	1986 £'000
FIXED ASSETS			
Tangible assets (Note 7)		437	320
Investments (Note 9)		<u>1,544</u>	<u>1,147</u>
		1,981	1,467
CURRENT ASSETS			
Debtors:			
Amounts owed by group companies	466	2,901	
Other debtors	226	355	
Cash at bank and in hand	<u>2,590</u>	<u>1,332</u>	
	3,282	4,588	
CREDITORS (Amounts falling due within one year)			
Amounts owed to group companies	1,122	1,902	
Bank loans and overdrafts	-	27	
Accruals and deferred income	150	325	
Taxation and social security	<u>21</u>	<u>15</u>	
	1,293	2,269	
NET CURRENT ASSETS		1,989	2,319
TOTAL ASSETS LESS CURRENT LIABILITIES		3,970	3,786
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation		<u>9</u>	-
		3,961	3,786
CAPITAL AND RESERVES			
Called up share capital (Note 10)		1,553	1,553
Share premium account		2,540	2,540
Profit and loss account - adverse balance (Note 11)		(132)	(307)
Approved by the Board on 6 October 1987			
GV Sherren) JW Raw)	DIRECTORS		
		3,961	3,786

The notes on pages 13 to 20 form part of these accounts.

CENTAUR COMMUNICATIONS LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT FOR THE
YEAR ENDED 30 JUNE 1987

SOURCE OF FUNDS	£'000	1986 £'000
Profit on ordinary activities before taxation	2,252	1,149
Adjustment for items not involving the use of funds:		
Depreciation	120	112
Amortisation of publishing rights	(16)	4
	2,356	1,265
OTHER SOURCES OF FUNDS		
Issue of share capital and premium thereon	-	25
Disposals of tangible assets	36	55
	2,392	1,345
APPLICATION OF FUNDS		
Repayment of creditors due in more than one year	-	51
Purchase of tangible assets	435	473
Purchase of titles - publishing rights	100	62
Purchase of trade investment and interest in associated company	388	367
Movement in working capital	566	446
	1,489	1,399
INCREASE/(DECREASE) IN NET LIQUID FUNDS	903	(54)
MOVEMENT IN WORKING CAPITAL		
(Increase) in trade and other debtors	(813)	(1,084)
(Increase)/Decrease in prepayments	(75)	38
Increase in trade and other creditors	289	76
Increase in accruals and taxation and social security creditors	33	524
	(566)	(446)

The notes on pages 13 to 20 form part of these accounts.

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987

1 ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention; the group's accounting policies are as follows:

(1) Publishing rights

Publishing rights represent the excess of the cost of magazine businesses acquired over the fair values attributed to the underlying tangible assets and liabilities together with the cost of the rights to publish under certain titles. Publishing rights are recorded at cost, except that based on annual reviews, any permanent impairment in the value of publishing rights is charged through the profit and loss account.

(2) Magazine developments

The trading results of magazines which are in the course of development often include substantial launch and other promotional expenditure. These costs are written off in the profit and loss account in the period in which they are incurred. The results of magazines in the course of development are analysed separately in the profit and loss account until such time as the titles become established to reflect their impact on the results of the group. A title is regarded as established after three years of trading or the commencement of trading at a profit, whichever is the earlier.

(3) Depreciation

Depreciation of tangible assets is provided on a straight line basis at the following annual rates, based on the estimated useful lives of the assets:

Motor vehicles	-	25%
Fixtures and fittings	-	10%
Computer equipment	-	20%
Leasehold improvements	-	5%

(4) Deferred taxation

Deferred taxation is provided on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferred will continue for the foreseeable future. Timing differences arise on items of income and expenditure which are recognised for tax purposes in different periods from those in which they are recognised in the profit and loss account.

(5) Subscription income

Subscription income is deferred and amortised over the period of the subscription except that for controlled circulation titles, where subscription income is incidental, the income is taken to profit on receipt and only the costs of fulfilling the subscription are provided for. This represented a modification in 1986 to the previous accounting policy and the effect on the profit and loss account was treated as an exceptional item (See Note 3).

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

2 TURNOVER

Turnover represents sales of magazines, advertising space and other revenue, exclusive of Value Added Tax.

3 EXCEPTIONAL ITEMS

These comprise the following amounts:

	1987 £'000	1986 £'000
Modification to the basis of accounting for subscription income (see Note 1)	-	88
Net gain arising on move to new premises	-	242
	-	330

The net gain arising on the move to new premises includes certain capital receipts less the estimated direct and indirect costs arising from the move.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting) the following amounts:

	1987 £'000	1986 £'000
Wages and salaries	2,587	1,791
Social Security costs	277	200
Other pension costs	19	21
Depreciation	148	112
Reduction in current year depreciation charge arising from reassessment of accumulated depreciation	(28)	-
Publishing rights (released)/written off	(16)	4
Auditors' remuneration	23	21
Directors' emoluments	290	200
Hire of plant	15	18

The average number of persons employed by the group during the year was 246 (1986 - 197).

The company makes pension contributions to an independent insured pension scheme in respect of certain directors and employees. Pension arrangements are available for other members of staff once they have completed the requisite period of service.

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

5 TAXATION

The charge for taxation comprises:

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Corporation tax at 35% (1986 - 38.75%)	810	320
Deferred taxation on short term timing differences	36	(42)
Prior year adjustment	<u>2</u>	<u>-</u>
	848	278

6 DIRECTORS' EMOLUMENTS

The emoluments of the directors excluding pension contributions were as follows:

	<u>1987</u>	<u>1986</u>
Chairman	<u>£10,750</u>	<u>£8,500</u>
Highest paid director	<u>£77,877</u>	<u>£83,812</u>
Other directors:		
	<u>Number</u>	<u>Number</u>
£0 - £5,000	3	6
£5,001 - £10,000	3	2
£10,001 - £15,000	1	2
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-
£25,001 - £30,000	1	-

The group has purchased goods or services amounting to £4,372 during the year (1986 - £3,446) from companies in which Mr GV Sherren and Mr JW Raw have beneficial interests.

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

7 TANGIBLE ASSETS

<u>Group</u>	<u>Motor Vehicles</u> £'000	<u>Fixtures and Fittings</u> £'000	<u>Computer equipment</u> £'000	<u>Leasehold improvements</u> £'000	<u>Total</u> £'000
<u>Cost</u>					
At 30 June 1986	333	287	92	106	818
Additions	176	144	48	67	435
Disposals	(74)	-	(17)	-	(91)
At 30 June 1987	435	431	123	173	1,162
<u>Depreciation</u>					
At 30 June 1986	119	46	39	-	204
Charge for year	65	34	14	7	120
Disposals	(45)	-	(10)	-	(55)
At 30 June 1987	139	80	43	7	269
<u>Net book value</u>					
At 30 June 1987	296	351	80	166	893
At 30 June 1986	214	241	53	106	614
<u>Company</u>					
<u>Cost</u>					
At 30 June 1986	94	152	-	106	352
Additions	14	88	1	67	170
Disposals	(7)	-	-	-	(7)
At 30 June 1987	101	240	1	173	515
<u>Depreciation</u>					
At 30 June 1986	27	5	-	-	32
Charge for year	24	20	-	7	51
Disposals	(5)	-	-	-	(5)
At 30 June 1987	46	25	-	7	78
<u>Net book value</u>					
At 30 June 1987	55	215	1	166	437
At 30 June 1986	67	147	-	106	320

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

8 PUBLISHING RIGHTS

<u>Cost</u>	£'000
At 30 June 1986	1,314
Acquired in year	100
At 30 June 1987	1,414

Amortisation

At 30 June 1986	16
Credited during year	(16)
At 30 June 1987	-

Net book amount

At 30 June 1987	1,414
At 30 June 1986	1,298

9 INVESTMENTS

	1987		1986	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£'000	£'000	£'000	£'000
Trade investments	755	755	367	367
Interest in subsidiaries	-	789	-	780
	755	1,544	£367	1,147

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

9 INVESTMENTS (CONTINUED)

(a) Trade investments

These comprise the following:

	1987 £'000	1986 £'000
Investment in Linguaphone Group plc	703	341
Investment in The Magazine Publishing Holdings Limited	52	26
	755	367

- (i) During the year the company took up shares in a placing of the share capital of Linguaphone Group plc ("Linguaphone"), as follows:

	Ordinary Shares of 5p each		Preference Shares of 15p each		Total
	No	£'000	No	£'000	£'000
At 30 June 1986	983,030	141	200,000	200	341
Subscription under placing at £1.10 per share	328,337	362	-	-	362
At 30 June 1987	1,311,367	503	200,000	200	703

Linguaphone is engaged in educational publishing with language learning. On 13 June 1986, the group's holding in the equity capital increased to 20.1% but as a result of the complex share structure of Linguaphone, under which the group's holding could be substantially diluted, it is not appropriate to treat it as an associated company.

- (ii) During the year, The Magazine Publishing Holdings Limited announced a one for one rights issue. The company took up its rights in full in respect of its 18.6% interest in the share capital.

In the opinion of the directors the value of the company's investments is not less than the amount at which they are stated in the balance sheet.

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

9 INVESTMENTS (CONTINUED)

(b) Interest in subsidiaries

	1987 £'000	1986 £'000
Shares in group companies at cost	1,323	1,222
Provision for losses of subsidiaries	(534)	(442)
Net book amount - 30 June 1987	789	780

At 30 June 1987 the company had the following shareholdings in the ordinary share capital of its subsidiaries, all of which are incorporated in the United Kingdom:

	Shareholding
Your Business Magazine Limited	100%
Media Magazines Limited	100%
The Communications Press Limited	* 100%
Marketing Week Communications Limited	* 87.5%
Michael Chamberlain and Partners (Publishing) Limited	* 100%
Centaur Limited	* 100%
Centaur Financial Publications Limited	* 100%
London Catering News Limited	* 100%
Marketing Week Communications Limited had the following investment:	
Marketing and Media Conferences Limited	* 100%
Michael Chamberlain and Partners (Publishing) Limited had the following investment:	
Marketing Week Communications Limited	* 12.5%
Your Business Magazine Limited had the following investment:	
Your Business Services Limited	* 100%
Your Business Enterprises Limited	* 100%

The companies marked with an asterix did not trade during the year. The other companies traded as magazine publishers.

CENTAUR COMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1987 (CONTINUED)

10 CALLED UP SHARE CAPITAL

Allotted and
fully paid
£'000

Ordinary shares of £1 each:

1,553

The authorised share capital of the company is 5,000,000 ordinary shares of £1 each.

11 PROFIT AND LOSS ACCOUNT

Group
£'000

Company
£'000

Balance brought forward 1 July 1986

79
1,404

(307)
175

Retained profit for the year

1,483

(132)

Balance carried forward 30 June 1987

The company has not presented its own profit and loss account as permitted by Section 228(7) of the Companies Act 1985. The amount of the consolidated profit for the year dealt with in the accounts of the holding company is £175,000 (1986 - £680,000).

12 COMMITMENTS UNDER LEASES

The group had annual commitments under non-cancellable operating leases expiring after five years, as follows:

1987
£'000

1986
£'000

Land and buildings

275

275

---000---