

"AMENDING"

## Ramboro Books PLC

### Directors' report and financial statements

For the year ended  
31 August 2004



# **Ramboro Books PLC**

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## **Ramboro Books PLC**

### **Directors' report For the year ended 31 August 2004**

The directors present their annual report and the financial statements for the year ended 31 August 2004.

#### **Principal activities and review of business**

The principal activity of the company continues to be that of publishers and wholesalers of books and publications. The directors do not anticipate any change in this activity over the coming year.

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £522,126 (2003 - loss £373,134) .

The directors do not recommend the payment of a dividend (2003 - £nil).

#### **Directors**

The directors who served during the year were:

PA Lassman  
NRA Butterfield  
R Cortie  
C Sanderson (resigned 18/11/2003)  
P Lenton (appointed 21/01/2004)  
T Finch  
NM Lassman

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

At 31 August 2004 and 31 August 2003, PA Lassman and NRA Butterfield were also directors of the ultimate parent company, Chrysalis Group PLC, and their share interests are stated in the financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

#### **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:

- 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, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Ramboro Books PLC**

**Directors' report  
For the year ended 31 August 2004**

**Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company was proposed and accepted at the Annual General Meeting on 30th June 2005.

This report was approved by the board on 30<sup>th</sup> June 2005 and signed on its behalf.



**P Lenton**  
Director  
Chrysalis Building  
Bramley Road  
London  
W10 6SP



## KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Report of the independent auditors to the members of Ramboro Books PLC**

We have audited the financial statements on pages 4 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of audit 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 as at 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

30 June 2005

**Ramboro Books PLC**

**Profit and loss account  
For the year ended 31 August 2004**

	<b>Note</b>	<b>2004 £</b>	<i>As restated 2003 £</i>
<b>Turnover</b>	1, 2	<b>8,333,211</b>	8,000,875
Cost of sales		<b>(4,387,942)</b>	(4,536,886)
<b>Gross profit</b>		<b>3,945,269</b>	3,463,989
Selling and distribution costs		<b>(1,143,400)</b>	(1,129,217)
Administrative expenses		<b>(2,091,795)</b>	(1,789,801)
<b>Operating profit</b>	3	<b>710,074</b>	544,971
Other exceptional items	4	-	(914,221)
<b>Profit/(loss) on ordinary activities before interest</b>		<b>710,074</b>	(369,250)
Interest payable	5	<b>(3,483)</b>	(3,795)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>706,591</b>	(373,045)
Tax on profit/(loss) on ordinary activities	8	<b>(184,465)</b>	(89)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>522,126</b>	(373,134)

Amounts relating to the operating result in the current and previous year derive from continuing activities.

**Statement of total recognised gains and losses  
For the year ended 31 August 2004**

	<b>2004 £</b>	<i>As restated 2003 £</i>
<b>Profit/(loss) for the financial year</b>	<b>706,591</b>	(373,134)
Prior period adjustment (see note 1.13)	<b>(97,946)</b>	-
<b>Total recognised gains/(losses) since last financial statements</b>	<b>608,645</b>	(373,134)

The notes on pages 6 to 14 form part of these financial statements.

# Ramboro Books PLC

## Balance sheet As at 31 August 2004

		2004	As restated 2003
	Note	£	£
<b>Fixed assets</b>			
Intangible fixed assets	9	142,905	153,031
Tangible fixed assets	10	28,746	54,975
Investments	11	1,355,121	1,355,121
		<u>1,526,772</u>	<u>1,563,127</u>
<b>Current assets</b>			
Stocks	12	1,885,991	1,745,691
Debtors	13	4,492,385	2,573,112
		<u>6,378,376</u>	<u>4,318,803</u>
<b>Creditors:</b> amounts falling due within one year	14	<u>(6,374,082)</u>	<u>(4,863,211)</u>
<b>Net current assets/(liabilities)</b>		<u>4,294</u>	<u>(544,408)</u>
<b>Total assets less current liabilities</b>		<u>1,531,066</u>	<u>1,018,719</u>
<b>Creditors:</b> amounts falling due after more than one year	15	-	(9,779)
<b>Net assets</b>		<u><u>1,531,066</u></u>	<u><u>1,008,940</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	50,000	50,000
Profit and loss account	18	1,481,066	958,940
<b>Shareholders' funds - equity</b>	19	<u><u>1,531,066</u></u>	<u><u>1,008,940</u></u>

The financial statements were approved by the board of directors on 30th June 2005 and were signed on its behalf by:

  
P Lenton  
Director

The notes on pages 6 to 14 form part of these financial statements.

**Notes to the financial statements  
For the year ended 31 August 2004**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except for the change in accounting policy for the treatment of work in progress in respect of book publishing, referred to below.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Goodwill and publishing rights**

For acquisitions since 1 September 1998, purchased goodwill has been capitalised and included within tangible fixed assets and is amortised on a straight basis to profit and loss account over its estimated economic life, subject to a maximum of twenty years.

Goodwill is subject to impairment review in the year following acquisition and in subsequent years when the circumstances require it. Such reviews are carried out in accordance with FRS 11.

**Publishing rights**

Publishing rights are valued at cost less accumulated amortisation and provision for impairment. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of twenty years.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Motor vehicles	-	25% straight line
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**1.5 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 a constant periodic rate of charge on the net obligation outstanding in each period.

**1.6 Stocks and work in progress**

Stocks of published books are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the books to their present location and condition, including the initial print run and the proportional allocation of all editorial, origination and printing costs.

Stocks of books which have been held for between one and three years are written off on a formula basis to reflect their diminishing net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Work in progress includes all the costs incurred in bringing a book to publication. The accounting policy for work in progress on books was changed with effect from the beginning of the financial year (see note 1.13 Change in accounting policy). All work in progress is now written off on publication of the relevant book.

**Notes to the financial statements**  
**For the year ended 31 August 2004**

**1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.8 Pensions**

The company contributes towards defined contribution pension schemes. Contributions are charged to the profit and loss account and the pension charge represents the amounts paid during the year by the company.

**1.9 Royalties receivable**

Royalty income is included on a receivable basis calculated on sales of books arising during each accounting period as reported by licensees.

**1.10 Royalties payable**

Royalties payable are expensed on an accruals basis. Royalty advances payable are expensed on a period basis, except that they are carried forward and recognised as an asset where such advances relate to current published and unpublished books and where it is estimated that sufficient future royalties will be earned for recoupment of those advances.

**1.11 Deferred income**

Sales to co-edition partners are recognised upon delivery of the books. Amounts invoiced prior to delivery are credited to deferred income and carried on the balance sheet until the books are delivered.

**1.12 Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Chrysalis Group PLC entities are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of the group that such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

**1.13 Change in accounting policy**

The accounting policy relating to the treatment of work in progress in respect of book publishing activities has been changed. Under the previous accounting policy, pre-publication costs (representing costs incurred in the origination of content prior to publication) included within work - in-progress in respect of books which are considered to have useful economic lives in excess of one year were written off over the useful economic lives of up to five years.

This policy has been reviewed and compared with other book publishing companies and the directors have decided to adopt a more prudent policy of immediate write off of all pre-publication costs, regardless of the expected useful economic lives of the books to which they relate.

The effect of the change in accounting policy is to reduce shareholders' funds brought forward by £97,946. The impact on the profit and loss account for the year ended 31 August 2003 was to decrease profit before tax by £43,685.

# Ramboro Books PLC

## Notes to the financial statements For the year ended 31 August 2004

### 2. Turnover

The whole of the turnover is attributable to sales of books.

A geographical analysis of turnover is as follows:

	2004 £	2003 £
United Kingdom	5,152,172	5,383,428
Europe	833,957	686,306
North America	785,403	642,204
Other	<u>1,561,679</u>	<u>1,288,937</u>
	<u>8,333,211</u>	<u>8,000,875</u>

### 3. Operating profit

The operating profit is stated after charging:

	2004 £	2003 £
Amortisation - intangible fixed assets	10,126	10,424
Depreciation of tangible fixed assets:		
- owned by the company	14,261	22,908
- held under finance leases	11,968	9,866
Foreign exchange losses	69,961	(1,009)
Loss on disposal of tangible fixed assets	-	(881)
	<u></u>	<u></u>

The auditor's remuneration costs are borne by C&B Publishing PLC on behalf of all companies in the Chrysalis Books Group.

### 4. Exceptional loss

	2004 £	2003 £
Exceptional loss	-	914,221
	<u></u>	<u></u>

On the 23rd May 2003 Ramboro Books PLC disposed its Direct Marketing division for a cash consideration of £300,000.

### 5. Interest payable

	2004 £	2003 £
On other loans	2,000	-
On finance leases and hire purchase contracts	1,483	3,795
	<u>3,483</u>	<u>3,795</u>

# Ramboro Books PLC

## Notes to the financial statements For the year ended 31 August 2004

### 6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	677,981	642,469
Social security costs	77,251	67,470
Other pension costs	26,813	3,431
	<u>782,045</u>	<u>713,370</u>

The average monthly number of employees, including directors, during the year was as follows:

	2004 No.	2003 No.
Office, management and administration	-	9
Sales and distribution	17	7
	<u>17</u>	<u>16</u>

### 7. Directors' remuneration

	2004 £	2003 £
Emoluments	<u>134,340</u>	<u>-</u>
Company pension contributions	<u>5,250</u>	<u>-</u>

The highest paid director, who also received contributions towards a defined contribution pension scheme under which the company's contribution for the year was £2,750 (2003 - £nil), received emoluments of £71,989 (2003 - £nil) from the company.

P Lenton received remuneration from C&B Publishing PLC, which is disclosed in the financial statements of that company.

NRA Butterfield and PA Lassman received remuneration from Chrysalis Group Plc, which is disclosed in the financial statements of that company.

### 8. Taxation

	2004 £	2003 £
UK corporation tax charge on profits of the year	<u>184,465</u>	<u>89</u>

# Ramboro Books PLC

## Notes to the financial statements For the year ended 31 August 2004

### Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	<b>706,591</b>	<b>(373,045)</b>
Profit/(loss) on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 - 30%)	<b>211,977</b>	<b>(111,914)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>5,813</b>	<b>108,369</b>
Capital allowances for the year in excess of depreciation	<b>(35)</b>	<b>7,540</b>
Adjustments in respect of prior year	<b>(29,384)</b>	<b>-</b>
Utilisation of tax losses brought forward	<b>(3,906)</b>	<b>(3,906)</b>
<b>Current tax charge for year (see note above)</b>	<b>184,465</b>	<b>89</b>

Refer to note 16 for deferred tax.

### 9. Intangible fixed assets

	Publishing rights £	Goodwill £	Total £
<b>Cost</b>			
At 1 September 2003 and 31 August 2004	<b>140,000</b>	<b>62,874</b>	<b>202,874</b>
<b>Amortisation</b>			
At 1 September 2003	<b>34,416</b>	<b>15,427</b>	<b>49,843</b>
Charge for the year	<b>7,000</b>	<b>3,126</b>	<b>10,126</b>
At 31 August 2004	<b>41,416</b>	<b>18,553</b>	<b>59,969</b>
<b>Net book value</b>			
At 31 August 2004	<b>98,584</b>	<b>44,321</b>	<b>142,905</b>
At 31 August 2003	<b>105,584</b>	<b>47,447</b>	<b>153,031</b>

# Ramboro Books PLC

## Notes to the financial statements For the year ended 31 August 2004

### 10. Tangible fixed assets

	Motor vehicles £
<b>Cost</b>	
At 1 September 2003	206,952
Disposals	(93,433)
At 31 August 2004	<u>113,519</u>
<b>Depreciation</b>	
At 1 September 2003	151,977
Charge for the year	26,229
On disposals	(93,433)
At 31 August 2004	<u>84,773</u>
<b>Net book value</b>	
At 31 August 2004	<u>28,746</u>
At 31 August 2003	<u>54,975</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2004 £	2003 £
Motor vehicles	<u>18,052</u>	<u>54,975</u>

### 11. Fixed asset investments

	Unlisted invest- ments £	Total £
<b>Cost</b>		
At 1 September 2003 and 31 August 2004	<u>1,355,121</u>	<u>1,355,121</u>

The investment is unlisted. The company in which the company's interest at the year end is more than 20% is as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<b>Subsidiary undertakings</b>			
Salamander Books Limited	England & Wales	Book Publishing	100% Ordinary shares

In the opinion of the directors the investment in the company's subsidiary is worth at least the amount at which it is stated in the company's balance sheet.

# Ramboro Books PLC

## Notes to the financial statements For the year ended 31 August 2004

### 12. Stocks

	2004 £	As restated 2003 £
Work in progress	38,085	55,148
Finished goods	1,847,906	1,690,543
	<u>1,885,991</u>	<u>1,745,691</u>

### 13. Debtors

	2004 £	2003 £
<b>Due within one year</b>		
Trade debtors	2,668,699	2,146,643
Amounts owed by group undertakings	-	194,801
Other debtors	791,386	-
Prepayments and accrued income	249,982	170,672
Consignment debtors	782,318	60,996
	<u>4,492,385</u>	<u>2,573,112</u>

### 14. Creditors: Amounts falling due within one year

	2004 £	2003 £
Net obligations under finance leases and hire purchase contracts	10,088	17,420
Trade creditors	664,761	1,023,192
Other creditors	258,546	79,183
Accruals and deferred income	319,984	410,745
Amounts owed to group undertakings	5,120,703	3,332,671
	<u>6,374,082</u>	<u>4,863,211</u>

### 15. Creditors: Amounts falling due after more than one year

	2004 £	2003 £
Net obligations under finance leases and hire purchase contracts	-	9,779
Obligations under finance leases and hire purchase contracts, included above, are payable as follows:		
	2004 £	2003 £
Between one and two years	-	9,779

# Ramboro Books PLC

## Notes to the financial statements For the year ended 31 August 2004

### 16. Provisions for liabilities and charges

A deferred tax asset applied at the standard rate of corporation tax of 30% arises in the UK, which is not recognised in the accounts because the directors believe that suitable taxable profits are unlikely to arise from which the future reversal of timing differences could be deducted. The deferred tax asset can be analysed as follows:

	2004 £	2003 £
Differences between accumulated depreciation and capital allowances	<u>18,914</u>	<u>11,813</u>

### 17. Share capital

	2004 £	2003 £
<b>Authorised, allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

### 18. Reserves

<b>Profit and loss account</b>	£
At 1 September 2003	1,056,886
Prior period adjustment	(97,946)
	<u>958,940</u>
At 1 September 2003 restated	958,940
Profit retained for the financial year	522,126
	<u>522,126</u>
At 31 August 2004	<u>522,126</u>

### 19. Reconciliation of movement in shareholders' funds - equity

	2004 £	As restated 2003 £
Profit/(loss) for the financial year	522,126	(373,134)
	<u>522,126</u>	<u>(373,134)</u>
Opening shareholders' funds	1,008,940	1,480,020
Prior period adjustment - Change in accounting policy	-	(97,946)
	<u>1,531,066</u>	<u>1,008,940</u>
Closing shareholders' funds	<u>1,531,066</u>	<u>1,008,940</u>

### 20. Related party transactions

As the company is a wholly owned subsidiary of Chrysalis Group PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Chrysalis Group PLC, within which the company is included, can be obtained from the address given in note 22. There were no other related party transactions.

## **Ramboro Books PLC**

### **Notes to the financial statements For the year ended 31 August 2004**

#### **21. Cash flow statement**

The company is exempt from the requirement of FRS 1 (revised 1996) on the grounds that its parent undertaking, Chrysalis Group PLC, included the company in its own published consolidated financial statements.

#### **22. Controlling parties and ultimate holding company**

Chrysalis Books Group PLC, a company incorporated in England and Wales, is the company's immediate parent company and Chrysalis Group PLC, a company incorporated in England and Wales, is the company's ultimate parent company. The consolidated accounts of Chrysalis Group PLC are prepared and may be obtained from the Secretary, Chrysalis Group PLC, The Chrysalis Building, Bramley Road, London, W10 6SP.