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RAMBORO BOOKS PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2000



RAMBORO BOOKS PLC

COMPANY INFORMATION

Directors

J E Needleman
T Finch
R Cortie
A Brown
N R A Butterfield
N Lassman
P Lassman

Secretary

C R Potterell

Company number

00456595

Registered office

10 Blenheim Court
Brewery Road
London
N7 9NT

Business address

10 Blenheim Court
Brewery Road
London
N7 9NT

Auditors

H. W. Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER

Bankers

The Royal Bank of Scotland plc
9 Pall Mall
London
SW1Y 5LX

Solicitors

Harbottle & Lewis
14 Hanover Square
London
W1R 0BE

RAMBORO BOOKS PLC

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RAMBORO BOOKS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2000

The directors present their report and accounts for the year ended 31 August 2000.

Principal activities

The principal activity of the company continues to be that of publishers and wholesalers of books and publications.

Review of business

Profit levels have increased in line with expectations; this is against the background of the strong pound.

Results and dividends

The profit for the year after taxation amounted to £689,612.

Directors and their interests

The directors at 31 August 2000 and their beneficial interests in the shares of the company were:

	Ordinary Shares of £1 each	
	31 August 2000	1 September 1999
J E Needleman	-	-
T Finch	-	-
R Cortie	-	-
A Brown	-	-
N R A Butterfield	-	-
N Lassman	-	-
P Lassman	-	-

M D Connoles resigned as director on 9 October 2000.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

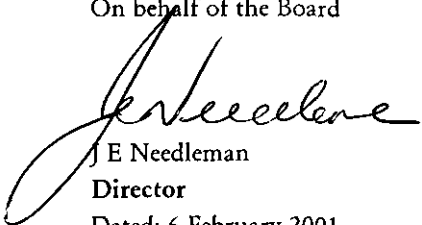
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

At the year end trade creditors represented 128 days purchases.

Auditors

A resolution proposing the reappointment of H. W. Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board


J E Needleman
Director

Dated: 6 February 2001

RAMBORO BOOKS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

RAMBORO BOOKS PLC

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

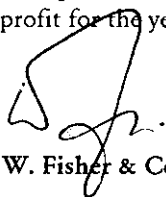
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



H. W. Fisher & Company

Chartered Accountants

Registered Auditor

Acre House

11-15 William Road

London

NW1 3ER

Dated: 6/2/01

RAMBORO BOOKS PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2000

		Year ended 31 August 2000 £	Year ended 31 August 1999 (As restated) £
Turnover	2	5,813,799	4,292,978
Cost of sales		(3,447,603)	(2,645,802)
Gross profit		2,366,196	1,647,176
Distribution costs		(400,260)	(327,903)
Administrative expenses		(1,091,809)	(729,380)
Operating profit	3	874,127	589,893
Exceptional profit on sale of IPR	3	96,000	-
Profit on ordinary activities before interest		970,127	589,893
Other income	6	38,125	48,795
Interest payable and similar charges	7	(43,171)	(37,153)
Profit on ordinary activities before taxation		965,081	601,535
Tax on profit on ordinary activities	8	(275,469)	(208,078)
Profit on ordinary activities after taxation		689,612	393,457
STATEMENT OF RESERVES			
Retained profit brought forward			
As previously reported		1,592,960	1,161,479
Prior year adjustment		(38,024)	-
As restated		1,554,936	1,161,479
Retained profit for the financial year		689,612	393,457
Retained profit carried forward		2,244,548	1,554,936

The profit and loss account has been prepared on the basis that all operations are continuing operations.

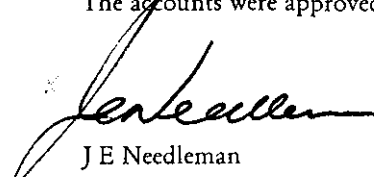
There are no recognised gains and losses other than those passing through the profit and loss account.

RAMBORO BOOKS PLC

BALANCE SHEET AS AT 31 AUGUST 2000

		2000		1999 (As restated)	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		173,505		183,872
Tangible assets	11		161,706		162,989
			<u>335,211</u>		<u>346,861</u>
Current assets					
Stocks	12	2,498,466		1,788,864	
Debtors	13	3,111,390		1,716,196	
Cash at bank and in hand		-		150,859	
		<u>5,609,856</u>		<u>3,655,919</u>	
Creditors: amounts falling due within one year	14	<u>(3,638,356)</u>		<u>(2,380,168)</u>	
Net current assets			<u>1,971,500</u>		<u>1,275,751</u>
Total assets less current liabilities			<u>2,306,711</u>		<u>1,622,612</u>
Creditors: amounts falling due after more than one year	15		<u>(12,163)</u>		<u>(17,676)</u>
			<u>2,294,548</u>		<u>1,604,936</u>
Capital and reserves					
Called up share capital	17		50,000		50,000
Profit and loss account			2,244,548		1,554,936
Shareholders' funds - all equity interests	18		<u>2,294,548</u>		<u>1,604,936</u>

The accounts were approved by the Board on 6/2/01


J E Needleman
Director

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The accounts have been prepared in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of an EEC holding company.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Goodwill

Acquired goodwill is amortised over a period of twenty years.

1.4 Publishing rights

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of twenty years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	15 % reducing balance
Fixtures & fittings	15 % reducing balance
Motor vehicles	25 % reducing balance

1.6 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.7 Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition. Stocks held for over one year are written off on a monthly straight-line basis over twenty-four months to reflect their diminishing net realisable value.

The cost of work in progress includes an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.8 Pensions

The company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	Turnover	
	2000	1999
	£	£
UK	3,927,697	2,060,040
North America	719,915	670,946
Europe	366,158	347,736
Rest of World	800,029	1,214,256
	<u>5,813,799</u>	<u>4,292,978</u>

3 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Amortisation of intangible fixed assets	10,367	9,502
Depreciation of owned tangible fixed assets	24,084	12,936
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	13,370	16,393
Operating lease rentals		
- Plant and machinery	1,688	6,471
- Other assets	66,406	33,808
Auditors' remuneration	8,500	8,500

Exceptional profit in the accounts relates to the sale of an intellectual property rights acquired from receivers in the previous year.

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

4	Directors' emoluments	2000 £	1999 £
	Aggregate emoluments	178,255	129,050
	Company contributions to defined contribution pension schemes	6,800	15,833
		<u>185,055</u>	<u>144,883</u>

Retirement benefits are accruing to 2 (1999 - 2) directors under defined contribution schemes.

5 Employees

Number of employees

The average monthly number of employees during the year was:

	2000 Number	1999 Number
Administration	16	17
Sales and distribution	6	6
	<u>22</u>	<u>23</u>

Employment costs

	£	£
Wages and salaries	789,813	516,517
Social security costs	65,592	50,981
Other pension costs	17,517	15,833
	<u>872,922</u>	<u>583,331</u>

6	Other income	2000 £	1999 £
	Rent and service charge receivable	30,000	30,000
	Interest receivable and similar income	8,125	18,795
		<u>38,125</u>	<u>48,795</u>

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

7	Interest payable and similar charges	2000	1999
		£	£
	Interest payable on:		
	Loans from group undertakings	22,547	15,953
	Bank loans and overdrafts	16,412	14,729
	Finance lease and hire purchase contracts	4,212	6,471
		<u>43,171</u>	<u>37,153</u>
8	Tax on profit on ordinary activities	2000	1999
		£	£
	U.K. Current year taxation		
	Payment in respect of group relief	285,000	213,609
	Prior years		
	U.K. Corporation tax	<u>(9,531)</u>	<u>(5,531)</u>
		<u>275,469</u>	<u>208,078</u>
9	Prior year adjustment		
	The prior year adjustment has arisen due to a change in the group policy regarding capitalisation of fixed assets and the additional tax charge included in the previous year, but excluded from the group accounts.		

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

10 Intangible fixed assets

	Publishing rights £	Goodwill £	Total £
Cost			
At 1 September 1999 and at 31 August 2000	140,000	53,374	193,374
Amortisation			
At 1 September 1999	6,416	3,086	9,502
Charge for year	7,000	3,367	10,367
At 31 August 2000	13,416	6,453	19,869
Net book value			
At 31 August 2000	126,584	46,921	173,505
At 31 August 1999	133,584	50,288	183,872

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

11 Tangible fixed assets

	Land and buildings Leasehold	Office equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 1999	26,972	99,631	47,527	137,850	311,980
Additions	-	13,193	22,743	16,347	52,283
Disposals	-	-	-	(38,000)	(38,000)
At 31 August 2000	26,972	112,824	70,270	116,197	326,263
Depreciation					
At 1 September 1999	3,572	57,369	35,664	52,386	148,991
On disposals	-	-	-	(21,888)	(21,888)
Charge for the year	960	8,318	5,394	22,782	37,454
At 31 August 2000	4,532	65,687	41,058	53,280	164,557
Net book value					
At 31 August 2000	22,440	47,137	29,212	62,917	161,706
At 31 August 1999	23,400	42,262	11,863	85,464	162,989

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £51,214 (1999 - £79,925) in respect of assets held under finance leases or hire purchase contracts.

12 Stocks and work in progress

	2000 £	1999 £
Work in progress	61,369	36,820
Finished goods and goods for resale	2,437,097	1,752,044
	2,498,466	1,788,864

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

13 Debtors	2000 £	1999 £
Trade debtors	1,641,515	1,339,286
Amounts owed by group undertakings	1,078,998	201,632
Other debtors	185,589	56,266
Prepayments and accrued income	205,288	119,012
	<u>3,111,390</u>	<u>1,716,196</u>
14 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans	115	37,500
Bank overdrafts	101,947	24,595
Net obligations under finance lease and hire purchase contracts	22,146	26,949
Trade creditors	1,494,094	1,121,476
Amounts owed to group undertakings	1,120,551	480,847
Corporation tax	495,875	233,609
Other taxes and social security costs	54,642	26,400
Directors current accounts	192,395	172,269
Other creditors	3,283	209,488
Accruals and deferred income	153,308	47,035
	<u>3,638,356</u>	<u>2,380,168</u>

An unlimited inter-company composite guarantee exists between Chrysalis Books Limited, Ramboro Books Plc, Chrysalis Logistics Limited and B.T.Batsford Limited, supported by debentures from all these companies. As at the year end, these companies had a combined overdraft of £21,506.

Bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the company. The Directors loans are secured by way of a second fixed and floating charge over the assets of the company. The loan from Chrysalis Group Holdings Limited is secured by a second fixed and floating charge over the assets of the company and ranks pari passu to the Directors loans. The latter two loans are both subordinated to the Bank.

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

15 Creditors: amounts falling due after more than one year	2000	1999
	£	£
Net obligations under finance leases and hire purchase contracts	12,163	17,676
	<u>12,163</u>	<u>17,676</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	22,146	26,949
Repayable between one and five years	12,163	17,676
	<u>34,309</u>	<u>44,625</u>
Included in liabilities falling due within one year	(22,146)	(26,949)
	<u>12,163</u>	<u>17,676</u>

16 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £17,517 (1999 - £5,800).

17 Share capital	2000	1999
	£	£
Authorised		
50,000 Ordinary Shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
50,000 Ordinary Shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

18 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the financial year	689,612	393,457
Opening shareholders' funds	1,604,936	1,211,479
	<u>2,294,548</u>	<u>1,604,936</u>
Closing shareholders' funds		

19 Contingent liabilities

Guarentees have been given on various trade creditors of an associated company Salamander Books Limited as at 31 August 2000 to the value of £652,516.

RAMBORO BOOKS PLC

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2000

20 Commitments under operating leases

At 31 August 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
In over five years	66,406	60,000

The lease at 8/10 Blenheim Court expires in June 2021.

21 Related party transactions

The company received professional services valued at £35,000 (1999 : £32,000) from Elliot and Partners, a partnership in which J E Needleman, a director of the company, is a partner.

Rent and service charges receivable of £30,000 (1999 : £30,000) per annum was collected from Elliot and Partners.

During the year, the company paid rent of £66,406 to John Needleman.

22 Controlling parties

The directors regard Chrysalis Books Limited, a company incorporated in England, as the company's immediate parent company and Chrysalis Group Plc as the ultimate parent company.