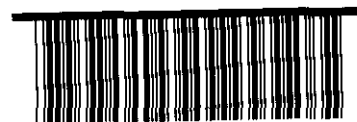


Company Registration No. 00456595 (England and Wales)

**RAMBORO BOOKS PLC**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 1999**



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# RAMBORO BOOKS PLC

## COMPANY INFORMATION

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Directors	J E Needleman T Finch R Cortie A Brown M D Connole 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	Lucas & Ball 579 Leabridge Road Leyton London E10 6AJ

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# RAMBORO BOOKS PLC

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# RAMBORO BOOKS PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1999

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The directors present their report and accounts for the year ended 31 August 1999.

### 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 as the problems with the third party warehouse were largely resolved during the year. On 12th October 1998, Ramboro acquired the business of Robson Books, a long established literary publisher.

On 1st March 1999, Ramboro acquired 75 per cent of the issued share capital of Salamander Books Limited, another long established publisher of illustrated books. On 31st August 1999, the shares in Salamander Books Limited were transferred to Chrysalis Books Limited, the immediate holding company of Ramboro Books Plc.

### Results and dividends

The profit for the year after taxation amounted to £431,481.

### Year 2000 compliance

The company's operations have not been significantly affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000. The directors have considered whether there remains a risk that such problems may still arise. We are in the process of assessing the risks to the business in detail. We are considering not only our own systems but also those of our major suppliers and customers. Once our assessment is complete we will develop detailed plans to deal with any such risks as are identified.

### Directors and their interests

The directors at 31 August 1999 and their beneficial interests in the shares of the company were:

	Ordinary Shares of £1 each	
	31 August 1999	1 September 1998
J E Needleman	-	-
T Finch	-	-
R Cortie	-	-
A Brown	-	-
M D Connole	-	-
N R A Butterfield	-	-
N Lassman	-	-
P Lassman	-	-

Mr. Needleman's interest in the shares of Chrysalis Books Limited, the company's holding company, are disclosed in that company's financial statements.

### Creditor payment policy

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

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

At the year end trade creditors represented 114 days purchases.

# RAMBORO BOOKS PLC

## DIRECTORS' REPORT

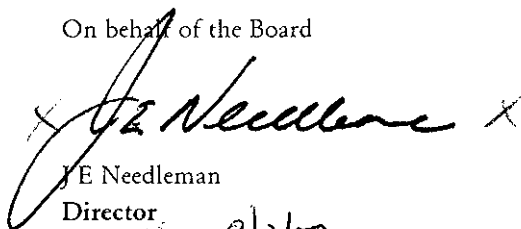
*FOR THE YEAR ENDED 31 AUGUST 1999*

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### 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

 X

J E Needleman

Director

Dated: X 8/2/00 X

# RAMBORO BOOKS PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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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

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We have audited the accounts on pages 5 to 15 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 3 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.

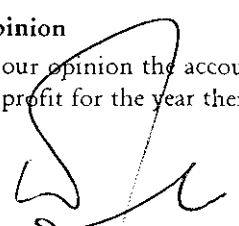
### Basis of opinion

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 1999 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: 9/2/00

# RAMBORO BOOKS PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1999

	Notes	Year ended 31 August 1999 £	Period ended 31 August 1998 £
<b>Turnover</b>	<b>2</b>		
Continuing operations		3,364,660	3,388,863
Acquisitions		<u>928,318</u>	<u>-</u>
		4,292,978	3,388,863
Cost of sales		<u>(2,645,802)</u>	<u>(2,470,529)</u>
<b>Gross profit</b>		1,647,176	918,334
Distribution costs		(327,903)	(259,226)
Administrative expenses		<u>(715,434)</u>	<u>(593,304)</u>
<b>Operating profit</b>	<b>4</b>		
Continuing operations		429,940	65,804
Acquisitions		<u>173,899</u>	<u>-</u>
		603,839	65,804
Other income	7	48,795	34,006
Interest payable and similar charges	8	<u>(37,153)</u>	<u>(23,703)</u>
<b>Profit on ordinary activities before taxation</b>		615,481	76,107
Tax on profit on ordinary activities	9	<u>(184,000)</u>	<u>(20,095)</u>
<b>Profit on ordinary activities after taxation</b>		431,481	56,012
Retained profit brought forward		<u>1,161,479</u>	<u>1,105,467</u>
<b>Retained profit carried forward</b>		<u>1,592,960</u>	<u>1,161,479</u>

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 1999

	Notes	1999 £	£	1998 £	£
<b>Fixed assets</b>					
Intangible assets	10		197,818		-
Tangible assets	11		162,989		135,920
			<u>360,807</u>		<u>135,920</u>
<b>Current assets</b>					
Stocks	12	1,788,864		1,104,476	
Debtors	13	1,716,196		1,089,885	
Cash at bank and in hand		150,859		174,365	
		<u>3,655,919</u>		<u>2,368,726</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,356,090)</u>		<u>(1,246,660)</u>	
<b>Net current assets</b>			<u>1,299,829</u>		<u>1,122,066</u>
<b>Total assets less current liabilities</b>			<u>1,660,636</u>		<u>1,257,986</u>
<b>Creditors: amounts falling due after more than one year</b>	15		<u>(17,676)</u>		<u>(46,507)</u>
			<u>1,642,960</u>		<u>1,211,479</u>
<b>Capital and reserves</b>					
Called up share capital	17		50,000		50,000
Profit and loss account			1,592,960		1,161,479
<b>Shareholders' funds - all equity interests</b>	18		<u>1,642,960</u>		<u>1,211,479</u>

The accounts were approved by the Board on 8/2/00

X *J E Needleman* X  
J E Needleman  
Director

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

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### 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 1999

### 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.

### 1.11 Comparatives

The comparatives are for the thirteen months to 31 August 1998.

## 2 Turnover

### Geographical market

	Turnover	
	1999	1998
	£	£
UK	2,060,040	1,698,603
North America	670,946	561,826
Europe	347,736	373,767
Rest of World	1,214,256	754,667
	<u>4,292,978</u>	<u>3,388,863</u>

## 3 Cost of sales and net operating expenses

The company acquired the business of Robson Books. The total figures for continuing operations in 1999 include the following amounts relating to this acquisition : cost of sales £467,097, distribution costs £110,409, administrative expenses £176,913 and other operating income nil.

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

4	Operating profit	1999	1998
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible fixed assets	9,502	-
	Depreciation of owned tangible fixed assets	12,936	19,751
	Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	16,393	13,147
	Operating lease rentals		
	- Plant and machinery	6,471	-
	- Other assets	33,808	-
	Auditors' remuneration	8,500	8,000
		<u>          </u>	<u>          </u>

5	Directors' emoluments	1999	1998
		£	£
	Aggregate emoluments	129,050	138,386
	Company contributions to defined contribution pension schemes	15,833	9,200
		<u>          </u>	<u>          </u>
		144,883	147,586
		<u>          </u>	<u>          </u>

Retirement benefits are accruing to 2 (1998 - 2) directors under defined contribution schemes.

### 6 Employees

#### Number of employees

The average monthly number of employees during the year was:

	1999	1998
	Number	Number
Administration	17	10
Sales and distribution	6	6
	<u>          </u>	<u>          </u>
	23	16
	<u>          </u>	<u>          </u>

#### Employment costs

	£	£
Wages and salaries	502,571	390,542
Social security costs	50,981	37,279
Other pension costs	15,833	9,200
	<u>          </u>	<u>          </u>
	569,385	437,021
	<u>          </u>	<u>          </u>

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

7	Other income	1999 £	1998 £
	Rent and service charge receivable	30,000	30,000
	Interest receivable and similar income	18,795	4,006
		<u>48,795</u>	<u>34,006</u>
8	Interest payable and similar charges	1999 £	1998 £
	Interest payable on:		
	Loans from group undertakings	15,953	-
	Bank loans and overdrafts	14,729	15,108
	Finance lease and hire purchase contracts	6,471	8,595
		<u>37,153</u>	<u>23,703</u>
9	Tax on profit on ordinary activities	1999 £	1998 £
	U.K. Current year taxation		
	U.K. Corporation tax at 31% (1998 - 21%)	-	20,095
	Payment in respect of group relief	189,531	-
		<u>189,531</u>	<u>20,095</u>
	Prior years		
	U.K. Corporation tax	(5,531)	-
		<u>184,000</u>	<u>20,095</u>

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

### 10 Intangible fixed assets

	Publishing rights £	Goodwill £	Total £
<b>Cost</b>			
At 1 September 1998	-	-	-
Additions	140,000	67,320	207,320
	<u>140,000</u>	<u>67,320</u>	<u>207,320</u>
<b>At 31 August 1999</b>	<b>140,000</b>	<b>67,320</b>	<b>207,320</b>
<b>Amortisation</b>			
At 1 September 1998	-	-	-
Charge for year	6,416	3,086	9,502
	<u>6,416</u>	<u>3,086</u>	<u>9,502</u>
<b>At 31 August 1999</b>	<b>6,416</b>	<b>3,086</b>	<b>9,502</b>
<b>Net book value</b>			
At 31 August 1999	133,584	64,234	197,818
	<u><u>133,584</u></u>	<u><u>64,234</u></u>	<u><u>197,818</u></u>

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

### 11 Tangible fixed assets

	Land and buildings Leasehold	Office equipment	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 1998	23,290	87,210	47,027	120,596	278,123
Additions	3,682	12,421	500	45,800	62,403
Disposals	-	-	-	(28,546)	(28,546)
<b>At 31 August 1999</b>	<b>26,972</b>	<b>99,631</b>	<b>47,527</b>	<b>137,850</b>	<b>311,980</b>
<b>Depreciation</b>					
At 1 September 1998	2,640	50,919	33,571	55,073	142,203
On disposals	-	-	-	(22,541)	(22,541)
Charge for the year	932	6,450	2,093	19,854	29,329
<b>At 31 August 1999</b>	<b>3,572</b>	<b>57,369</b>	<b>35,664</b>	<b>52,386</b>	<b>148,991</b>
<b>Net book value</b>					
At 31 August 1999	23,400	42,262	11,863	85,464	162,989
At 31 August 1998	20,650	36,291	13,456	65,523	135,920

### Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £79,925 (1998 - £56,205) in respect of assets held under finance leases or hire purchase contracts.

### 12 Stocks and work in progress

	1999 £	1998 £
Work in progress	36,820	-
Finished goods and goods for resale	1,752,044	1,104,476
	<b>1,788,864</b>	<b>1,104,476</b>

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

13 Debtors	1999 £	1998 £
Trade debtors	1,339,286	893,078
Amounts owed by group undertakings	200,309	104,024
Amounts owed by undertakings in which the company has a participating interest	1,323	-
Other debtors	56,266	44,838
Prepayments and accrued income	119,012	47,945
	<u>1,716,196</u>	<u>1,089,885</u>
14 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans	37,500	50,000
Bank overdrafts	24,595	-
Net obligations under finance lease and hire purchase contracts	26,949	19,989
Trade creditors	1,121,476	669,286
Amounts owed to group undertakings	480,847	100,000
Corporation tax	209,531	50,531
Other taxes and social security costs	26,400	23,482
Directors current accounts	172,269	272,565
Other creditors	209,488	-
Accruals and deferred income	47,035	60,807
	<u>2,356,090</u>	<u>1,246,660</u>

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 1999

<b>15 Creditors: amounts falling due after more than one year</b>	<b>1999</b>	<b>1998</b>
	£	£
Bank loans	-	37,500
Net obligations under finance leases and hire purchase contracts	17,676	9,007
	<u>17,676</u>	<u>46,507</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	37,500	87,500
Included in current liabilities	(37,500)	(50,000)
	<u>-</u>	<u>37,500</u>
<b>Loan maturity analysis</b>		
Between one and two years	-	50,000
Between two and five years	-	37,500
	<u>-</u>	<u>87,500</u>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	26,949	19,989
Repayable between one and five years	17,676	9,007
	<u>44,625</u>	<u>28,996</u>
Included in liabilities falling due within one year	(26,949)	(19,989)
	<u>17,676</u>	<u>9,007</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 £5,800 (1998 - £9,200).

<b>17 Share capital</b>	<b>1999</b>	<b>1998</b>
	£	£
<b>Authorised</b>		
50,000 Ordinary Shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

# RAMBORO BOOKS PLC

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

Allotted, called up and fully paid 50,000 Ordinary Shares of £1 each	50,000	50,000
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### 18 Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Profit for the financial year	431,481	56,012
Opening shareholders' funds	1,211,479	1,155,467
Closing shareholders' funds	1,642,960	1,211,479

### 19 Contingent liabilities

Guarantees have been given on various trade creditors of an associated company Salamander Books Limited as at 31 August 1999 to the value of £1,227,590.

A claim for compensation regarding loss of office for £18,000 is subject to litigation.

### 20 Commitments under operating leases

At 31 August 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1999	1998
	£	£
Expiry date:		
In over five years	80,000	-

### 21 Related party transactions

The company received professional services valued at £32,000 from Elliot and Partners, a partnership in which J E Needleman is a partner.

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

### 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.