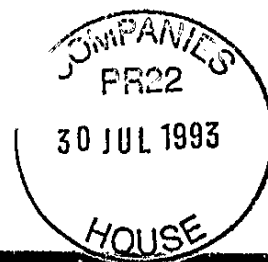


Transworld Publishers Limited
Annual report
for the year ended 30 June 1992

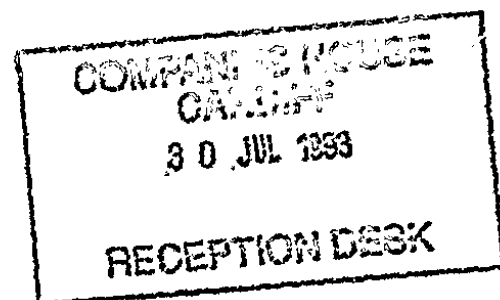
Registered no: 485183



Coopers
& Lybrand

Transworld Publishers Limited
Annual report
for the year ended 30 June 1992

Registered no: 485183



Transworld Publishers Limited

Annual report for the year ended 30 June 1992

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**Directors' report
for the year ended 30 June 1992**

The directors present their report and the audited consolidated financial statements for the year ended 30 June 1992.

Principal activities

The principal activity of the group continues to be the publishing and distribution of paperback books through its "Corgi" and "Bantam" divisions and hardback books through its "Bantam Press", "Partridge Press" and "Doubleday" divisions.

Review of business

Turnover increased by £4,151,749 (11%) during the year and the directors report a consolidated profit after tax for the financial year of £3,842,778 (1991: £988,574).

Dividends and transfers to reserves

The directors declared a dividend of £1,000,000 which was paid during the year. After payment of the dividend, £2,842,778 has been transferred to the group's reserves.

Changes in fixed assets

Information relating to changes in intangible and tangible fixed asset investments is given in notes 11 to 14 to the accounts.

Directors and their interests in shares of the company

The following were directors of the company during the year:-

M Barty-King
J Blake
A Davies
F Gill
B Hempstead
J Hoeft
P Janson-Smith
E Mott
P Neuthaler (resigned 24 June 1992)
O Paeschke (resigned 24 June 1992)
T Pink
G Rumpf
P Scherer (Managing Director)

None of the directors have any interests in the shares of the company.

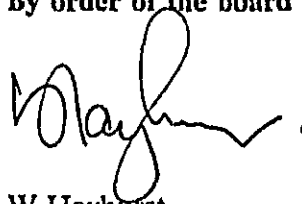
Charitable and political contributions

The contributions made by the group during the year for charitable purposes were £14,820 (1991: £4,965), of which £5,133 was paid under covenant to registered charities.

Auditor

A resolution to reappoint the auditor, Coopers & Lybrand, will be proposed at the annual general meeting. Until 1 June 1992, the firm practised under the name of Coopers & Lybrand Deloitte.

By order of the board

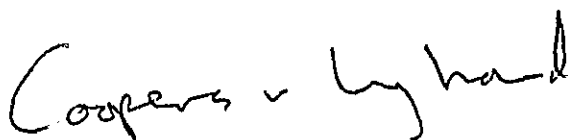
A handwritten signature in dark ink, appearing to read 'W Hayhurst', followed by a period.

W Hayhurst
Company Secretary

Report of the auditor to the members of Transworld Publishers Limited

We have audited the financial statements on pages 4 to 22 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the group at 30 June 1992 and of the profit and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditor
London

1 February 1993

**Consolidated profit and loss account
for the year ended 30 June 1992**

	Notes	1992 £	1991 £
Turnover	2	41,398,602	37,246,853
Cost of sales		(21,783,434)	(21,137,383)
Gross profit		19,615,168	16,109,470
Other operating expenses	3	(15,551,050)	(14,624,038)
Operating profit		4,064,108	1,485,432
Interest income and other similar income		208,953	35,558
Interest payable similar charges	6	(247,203)	(506,895)
Profit on ordinary activities before taxation	7	4,025,858	1,014,095
Taxation	8	(183,080)	(25,521)
Profit for the financial year	9	3,842,778	988,574
Dividends	10	(1,000,000)	(700,000)
Retained profit for the year		2,842,778	288,574

Movements on reserves are set out in note 23.

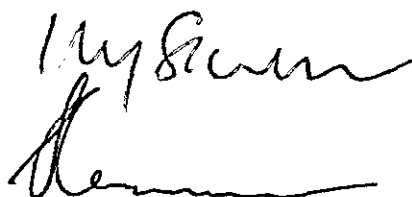
Auditor's report page 3

Balance sheet at 30 June 1992

	Notes	Group		Company	
		1992	1991	1992	1991
		£	£	£	£
Fixed assets					
Intangible assets	11	91,023	164,184	-	-
Tangible assets	12	3,465,820	3,879,402	2,402,187	2,622,833
Investments	14	-	-	14,578	(606,022)
		<u>3,556,843</u>	<u>4,043,586</u>	<u>2,416,765</u>	<u>2,016,811</u>
Current assets					
Stocks	15	4,523,234	5,009,021	2,996,475	2,787,164
Debtors	16	12,259,944	11,464,987	11,900,938	11,122,783
Cash at bank and in hand		893,019	356,729	646,515	18,289
		<u>17,676,197</u>	<u>16,830,737</u>	<u>15,543,928</u>	<u>13,928,236</u>
Creditors: amounts falling due within one year	17	(12,495,592)	(14,760,147)	(9,336,569)	(10,069,529)
Net current assets		<u>5,180,605</u>	<u>2,070,590</u>	<u>6,207,359</u>	<u>3,858,707</u>
Total assets less current liabilities		<u>8,737,448</u>	<u>6,114,176</u>	<u>8,624,124</u>	<u>5,875,518</u>
Creditors: amounts falling due after more than one year	18	(221,370)	(486,734)	(88,370)	(204,834)
Net assets		<u>8,516,078</u>	<u>5,627,442</u>	<u>8,535,754</u>	<u>5,670,684</u>
Capital and reserves					
Called up share capital	22	5,000	5,000	5,000	5,000
Translation reserve	23	445,753	399,895	-	-
Profit and loss account	23	8,065,325	5,222,547	8,530,754	5,665,684
		<u>8,516,078</u>	<u>5,627,442</u>	<u>8,535,754</u>	<u>5,670,684</u>

The financial statements on pages 4 to 22 were approved by the board of directors on 1 February 1993 and were signed on its behalf by:

P Scherer }
B Hempstead } Directors



Auditor's report page 3

Consolidated cash flow statement for the year ended 30 June 1992

	Notes	1992 £	1991 £
Net cash inflow from operating activities	24	2,549,839	4,604,737
Returns on investments and servicing of finance			
Interest received		208,953	35,558
Interest paid		(127,810)	(371,926)
Interest paid on finance leases		(119,393)	(134,969)
Dividends paid		(1,000,000)	(1,100,000)
Net cash outflow from returns on investments and servicing of finance		(1,038,250)	(1,571,337)
Taxation			
United Kingdom corporation tax paid		-	(173,419)
Repayment of overseas tax		171,226	-
Overseas tax paid		-	(23,680)
Tax paid		171,226	(197,099)
Investment activities			
Purchase of tangible fixed assets		(630,130)	(849,178)
Sale of tangible fixed assets		128,084	959,864
Net cash (outflow)/inflow from investing activities		(502,046)	110,686
Net cash inflow before financing		1,180,769	2,946,987
Financing			
Payment of principal under finance leases		(457,304)	(474,086)
Net cash outflow from financing		(457,304)	(474,486)
Increase in cash and cash equivalents	25	723,465	2,472,901

**Notes to the financial statements
for the year ended 30 June 1992****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts are prepared under the historical cost convention.

Basis of consolidation

The group profit and loss account and balance sheet include the results and balances of the company and those companies which were its subsidiaries during the 12 months ended 30 June 1992. Internal sales and profits are eliminated on consolidation.

Goodwill

Intangible fixed assets comprise purchased goodwill arising from the excess of the cost of part of the business of another group company over the amount attributed to the relevant net assets at the date of acquisition. The goodwill is being amortised over its expected useful economic life of 7 years.

Tangible fixed assets

Tangible fixed assets are shown at original historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets on a straight line basis over their estimated useful lives as follows:-

Long leasehold buildings	- 50 years (2% per annum)
Leasehold improvements	- 5 years
Plant and machinery	- 4 to 10 years (10% to 25% per annum) or over the term of the leases, whichever is the shorter.
Motor vehicles	- Over the term of the leases.

Finance and operating leases

Assets held under finance leases are included in the balance sheet at cost to the lessor less depreciation. Payments are apportioned between capital and interest. The interest is charged to the profit and loss account as it accrues and the outstanding capital commitments are included in creditors.

Operating lease expenditure is written off as incurred. The group's commitment for rental payments under operating leases is disclosed in note 26.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on:

Raw materials - purchase cost on a first in, first out basis, including transport.

Work in progress
and finished goods - cost of direct materials and labour.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to sterling at rates of exchange ruling at the end of the financial year, and the results of foreign subsidiaries are translated at the average rate of exchange for the whole year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of those companies at average rate, are taken to reserves.

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods sold in the normal course of business, less returns and provision for anticipated returns.

Royalties paid in advance

Advances paid to authors in respect of future royalties to be earned on sales of their books are carried forward as an asset in the balance sheet until they are either recouped by royalties earned on books sold or provided against because their future recoverability is considered doubtful.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

Pension costs

A pension scheme is operated by the company and is available to all staff over the age of 21. The scheme is a defined benefit scheme, fully funded, and one to which employees are required to contribute. The assets of the scheme are administered and maintained by trustees separately from those of the company, with independent qualified actuaries as advisers. The actuarial method used is the projected unit method.

The provisions of SSAP 24 have been applied to determine the company's pensions charge for the period. An analysis of pension costs is included in Note 21.

No assumption has been made relating to discretionary increases in respect of pensions in payment. Pensions charges, therefore, include the amount of the discretionary increases provided in the period.

Actuarial valuations are undertaken every three years or more frequently when circumstances demand.

2 Analysis by geographical area

The analysis by geographical area of the group's turnover is set out below.

Turnover

	1992 £	1991 £
United Kingdom	27,770,414	24,097,925
Australia/New Zealand	11,561,917	10,813,117
Rest of world	2,066,271	2,335,811
	<u>£41,398,602</u>	<u>£37,246,853</u>

3 Other operating expenses

	1992	1991
	£	£
Distribution costs	7,172,849	7,719,176
Administrative expenses	8,378,211	6,904,862
	<u>15,551,060</u>	<u>14,624,038</u>

4 Directors' emoluments

	1992	1991
	£	£
Fees	784,811	683,249
Other emoluments (including pension contributions and benefits in kind)	260,645	222,441
	<u>1,045,456</u>	<u>905,690</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1992	1991
The highest-paid director	<u>£254,326</u>	<u>£207,629</u>

The number of directors (excluding the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1992 Number	1991 Number
£0 to £5,000	5	6
£5,001 to £10,000	-	1
£10,001 to £15,000	-	-
£15,001 to £20,000	-	-
£20,001 to £25,000	-	2
£25,001 to £30,000	2	1
£30,001 to £35,000	1	1
£35,001 to £40,000	-	1
£40,001 to £45,000	-	-
£45,001 to £50,000	1	-
£50,001 to £55,000	1	1
£55,001 to £60,000	-	1
£60,001 to £65,000	-	-
£65,001 to £70,000	-	-
£70,001 to £75,000	-	-
£75,001 to £80,000	-	-
£80,001 to £85,000	-	-
£85,001 to £90,000	-	-
£90,001 to £95,000	-	-
£95,001 to £100,000	-	-
£100,001 to £105,000	-	-
£105,001 to £110,000	-	-
£110,001 to £115,000	-	-
£115,001 to £120,000	-	-
£120,001 to £125,000	-	-
£125,001 to £130,000	-	-

5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1992 Number	1991 Number
Selling and marketing	104	106
Distribution	52	60
Administration	123	125
	<hr/>	<hr/>
	279	291
	<hr/>	<hr/>

	1992 £	1991 £
Staff costs (for the above persons)		
Wages and salaries	6,027,989	5,625,870
Social security costs	378,336	346,827
Other pension costs	480,246	386,402
	<hr/>	<hr/>
	6,886,571	6,359,099
	<hr/>	<hr/>

6 Interest payable and similar charges

	1992 £	1991 £
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	34,311	181,557
On loans from group companies	93,498	190,369
On finance leases and hire purchase contracts	119,394	134,969
	<u>247,203</u>	<u>506,895</u>

7 Profit on ordinary activities before taxation

	1992 £	1991 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Goodwill amortisation	50,572	48,568
Depreciation charge for the year on tangible fixed assets	1,001,116	914,384
Auditor's remuneration	67,694	77,028
Hire of plant and machinery - operating leases	22,093	14,287
Hire of plant and machinery - release of prior year provision for operating lease payments	-	(15,359)
Property - operating leases	665,129	558,646
Profit on disposal of fixed assets	(37,387)	(95,856)
	<u>1,739,117</u>	<u>1,602,408</u>

8 Taxation

	1992 £	1991 £
United Kingdom corporation tax	307,000	-
Underpayment in prior year	-	4,816
Overseas taxation:		
Current	264,993	23,680
Over-provision in respect of prior years	(388,913)	(2,975)
	<u>183,080</u>	<u>25,521</u>

The UK corporation tax charge represents a payment to a Bertelsmann group company for group relief of the company's UK tax liability.

9 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	1992 £	1991 £
Dealt with in the accounts of the holding company	3,244,470	1 130,691
Retained by subsidiary companies	598,308	(142,117)
	<u>3,842,778</u>	<u>988,574</u>

10 Dividends

	1992 £	1991 £
Ordinary: Final proposed of £200 per share (1991: £140 per share)	<u>1,000,000</u>	<u>700,000</u>

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 1991	383,051
Exchange difference	(64,542)
At 30 June 1992	<u>318,509</u>
Depreciation	
At 1 July 1991	218,867
Exchange differences	(41,953)
Charge for year	50,572
At 30 June 1992	<u>227,486</u>
Net book value	
At 30 June 1992	<u>91,023</u>
Net book value	
At 30 June 1991	<u>164,184</u>

12 Tangible fixed assets

Group

	Buildings		Plant and	Motor	Total
	Long	Leasehold	machinery	vehicles	
	Lease	Improvements			
	£	£	£	£	£
Cost or valuation					
At 1 July 1991	1,898,016	655,434	3,108,572	1,060,510	6,722,532
Exchange differences	-	(62,080)	(218,795)	(66,179)	(347,064)
Additions	24,013	143,766	409,057	280,530	857,366
Disposals	-	(4,171)	(44,883)	(257,831)	(306,885)
At 30 June 1992	1,922,029	732,939	3,253,951	1,017,030	6,925,949
Depreciation					
At 1 July 1991	309,660	244,337	1,790,008	499,125	2,843,130
Exchange differences	-	(12,372)	(120,286)	(26,598)	(159,256)
Charge for year	38,440	100,167	539,416	323,093	1,001,116
Eliminated in respect of disposals	-	(1,724)	(40,741)	(182,396)	(224,861)
At 30 June 1992	348,100	330,408	2,168,397	613,224	3,460,129
Net book value					
At 30 June 1992	1,573,929	402,531	1,085,554	403,806	3,465,820
Net book value					
At 30 June 1991	1,588,356	411,097	1,318,564	561,385	3,879,402

Company

	Buildings		Plant and machinery	Motor vehicles	Total
	Long Lease	Leasehold Improvements			
	£	£	£	£	£
Cost or valuation					
At 1 July 1991	1,898,016	293,789	1,830,700	676,540	4,699,045
Additions	24,013	119,244	217,743	160,735	521,735
Disposals	-	-	(40,888)	(125,322)	(166,210)
At 30 June 1992	<u>1,922,029</u>	<u>413,033</u>	<u>2,007,555</u>	<u>711,953</u>	<u>5,054,570</u>
Depreciation					
At 1 July 1991	309,660	182,893	1,182,541	401,118	2,076,212
Charge for year	38,440	81,382	391,706	227,500	739,028
Eliminated in respect of disposals	-	-	(37,535)	(125,322)	(162,857)
At 30 June 1992	<u>348,100</u>	<u>264,275</u>	<u>1,536,712</u>	<u>503,296</u>	<u>2,652,383</u>
Net book value					
At 30 June 1992	<u>1,573,929</u>	<u>148,758</u>	<u>470,843</u>	<u>208,657</u>	<u>2,402,187</u>
Net book value					
At 30 June 1991	<u>1,588,356</u>	<u>110,896</u>	<u>648,159</u>	<u>275,422</u>	<u>2,622,833</u>

13 Capitalised finance leases

Included in tangible fixed assets are the following leased assets:

	Plant and machinery		Motor vehicles	
	Group	Company	Group	Company
	£	£	£	£
Cost	538,049	247,413	978,627	711,953
Accumulated depreciation	(386,384)	(179,650)	(593,952)	(503,297)
	<u>151,665</u>	<u>67,763</u>	<u>384,675</u>	<u>208,656</u>
Depreciation charge for the year	<u>110,452</u>	<u>42,954</u>	<u>311,479</u>	<u>227,501</u>

14 Fixed Asset Investments

Group

	Associated undertakings £
Cost or valuation At 1 July 1991 and 30 June 1992	77,006
Amounts written off At 1 July 1991 and 30 June 1992	77,006
Net book value At 30 June 1991 and 30 June 1992	-

Company

	Interests in group undertakings £	Associated undertakings £	Total £
Cost or valuation At 1 July 1991	501,807	77,006	578,813
Additions	-	-	-
At 30 June 1992	501,807	77,006	578,813
Amounts written off At 1 July 1991	1,107,829	77,006	1,184,835
Amounts written back in year	(620,600)	-	(620,600)
At 30 June 1992	487,229	77,006	564,235
Net book value At 30 June 1992	14,578	-	14,578
Net book value At 31 June 1991	(606,022)	-	(606,022)

Interests in group undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by Company
Trading Transworld Publishers (Australia) PTY Limited	Australia	Ordinary	100%
Transworld Publishers (New Zealand) Limited	New Zealand	Ordinary	100%
Non trading Corgi Books Limited	Great Britain	Ordinary	100%
Carousel Books Limited	Great Britain	Ordinary	100%

15 Stocks

	Group		Company	
	1992	1991	1992	1991
	£	£	£	£
Raw materials and consumables	418,564	329,208	401,582	300,056
Work in progress	508,733	724,728	307,943	493,194
Finished goods and goods for sale	3,595,937	3,955,085	2,286,950	1,993,914
	<u>4,523,234</u>	<u>5,009,021</u>	<u>2,996,475</u>	<u>2,787,164</u>

16 Debtors

	Group		Company	
	1992	1991	1992	1991
	£	£	£	£
Amounts falling due within one year				
Royalties paid in advance	1,932,737	1,764,236	1,825,856	1,656,567
Trade debtors	4,197,820	4,583,653	3,303,734	3,175,252
Amounts owed by group undertakings	438,012	1,515,555	1,256,466	2,817,348
Other debtors	795,191	429,976	737,520	425,753
Prepayments and accrued income	559,661	662,227	440,838	538,523
ACT recoverable	333,333	-	333,333	-
	<u>8,256,754</u>	<u>8,455,647</u>	<u>7,897,747</u>	<u>8,613,443</u>
Amounts falling due after one year				
Royalties paid in advance	4,003,190	2,509,340	4,003,191	2,509,340
	<u>12,259,944</u>	<u>11,464,987</u>	<u>11,900,938</u>	<u>11,122,783</u>

Of the amount owed to the company by group companies, £0.9m (1991 £1.4m) is owed by its own subsidiaries.

17 Creditors: amounts falling due within one year

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Royalty payable	2,063,627	1,536,947	2,011,180	1,484,051
Bank loans and overdrafts	-	133,024	-	79,711
Obligations under finance leases	312,079	359,992	156,434	192,150
Trade creditors	3,625,255	2,663,877	2,855,349	2,153,078
Amounts owed to group undertakings	2,005,280	6,865,321	309,114	3,447,970
Corporation tax - mainstream	528,296	214,721	307,000	-
- advance	333,333	-	333,333	-
Other taxation and social security payable	117,042	268,151	117,042	111,433
Other creditors	9,168	162,813	8,861	162,813
Accruals and deferred income	3,401,512	2,455,301	3,138,256	2,338,323
Dividends payable	100,000	100,000	100,000	100,000
	<u>12,495,592</u>	<u>14,760,147</u>	<u>9,336,569</u>	<u>10,069,529</u>

18 Creditors: amounts falling due after one year

	Group		Company	
	1992 £	1991 £	1992 £	1991 £
Loans	-	52,500	-	52,500
Obligations under finance leases	221,370	434,234	88,370	152,334
	<u>221,370</u>	<u>486,734</u>	<u>88,370</u>	<u>204,834</u>

19 Overdrafts and loans

Bank overdraft

The company had overdraft facilities totalling £5,100,000 at the balance sheet date. This amount is guaranteed in full by the ultimate holding company Bertelsmann AG.

20 Finance leases

The future minimum lease payments to which the group and the company are committed under finance leases and hire purchase contracts are as follows:

	Group		Company	
	1992	1991	1992	1991
	£	£	£	£
In one year or less	312,079	359,992	156,434	192,150
Between one and two years	196,674	324,047	74,636	117,713
Between two to five years	24,696	110,187	13,734	34,621
	<u>533,449</u>	<u>794,226</u>	<u>244,804</u>	<u>344,484</u>

21 Pension arrangements

The pension costs of the group were £480,484 (1991: £386,402). The main schemes are in the UK where the company maintains two pension schemes, the larger of which covers employees over the age of 21. The schemes are as follows:-

- (a) Main pension scheme - a contributory defined benefit scheme which is administered by Murray Johnstone Unit Trust Management Limited.

Actuarial valuations on both a discontinuance and a going concern basis by Sedgwick Employee Benefits Consultants Limited of the scheme as at 1 July 1990 confirmed that the scheme was fully funded on both bases at that date. The actuarial attained age method was used, with an interest rate of 9.0% per annum and a pensionable salary increase rate of 8.0% per annum. The company contribution rate is currently 10.5% of pensionable salaries and the members' contribution rate is currently 5.0%. The market value of the Scheme's managed fund at the actuarial valuation date, 1 July 1990, was £3,624,635.

An experience surplus of £282,000 was identified, which is being written off over the estimated service lives of current employees of 15 years as follows:

	£'000
Surplus at 1 July 1991	282
Surplus deduction	(18)
Surplus at 30 June 1992	<u>264</u>

- (b) Executive pension scheme - a non contributory insured scheme which is administered by Murray Johnstone Unit Trust Management Limited.

The pension costs of the company under the schemes were £406,250 (1991: £315,605)

22 Called up share capital

	1992 £	1991 £
Authorised 5,000 ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid 5,000 (1990: 5,000) ordinary shares of £1 each	5,000	5,000

23 Reserves

	Translation reserve £	Profit and loss account £
Group		
At 1 July 1991	399,895	5,222,547
Translation difference	45,858	-
Retained profit for the year	-	2,842,778
At 30 June 1992	445,753	8,065,325
Company		Profit and loss account £1000
At 1 July 1991		5,665,684
Retained profit for the year		2,865,070
At 30 June 1992		8,530,754

24 Reconciliation of operating profit to net cash inflow from operating activities

	1992 £	1991 £
Operating profit	4,064,108	1,485,432
Amortisation of intangible fixed assets	50,572	48,568
Depreciation of tangible fixed assets	1,001,118	914,384
Gain on sale of tangible fixed assets	(37,428)	(95,856)
Decrease in stocks	133,243	342,457
Decrease in trade debtors	447,045	32,384
Decrease/(increase) in prepayments and accrued income	79,345	(208,613)
(Increase)/decrease in net royalty advances	(1,121,840)	536,906
(Increase) in other debtors	(705,397)	(60,404)
Increase in trade creditors	1,086,796	457,351
(Decrease)/increase in amounts owed to group undertakings	(3,189,533)	385,698
Increase in other creditors	582,745	443,121
Increase in accruals and deferred income	182,234	158,643
(Increase)/decrease in pension provision	(23,169)	164,666
Net cash flow from operating activities	2,549,839	4,604,737

25 Cash and cash equivalents

	1992 £	1991 £
Changes during the year		
At 1 July	223,705	(2,292,084)
Net cash inflow before adjustments for the effects of foreign exchange rates	723,465	2,472,901
Effect of foreign exchange rates	(54,151)	42,888
At 30 June	893,019	223,705

	1992 £	1991 £	Movement £
Analysis of balances			
Cash at bank and in hand	893,019	356,729	536,290
Bank overdrafts	-	(133,024)	133,024
	893,019	223,705	669,314

26 Guarantees and Financial commitments

- (a) At 30 June 1992 the group had annual commitments in respect of land and buildings under non-cancellable operating leases as follows:

	1992 £	1991 £
Expiring within one year	-	-
Expiring between two and five years inclusive	82,576	125,451
Expiring in over five years	584,772	563,444
	<u>667,348</u>	<u>688,895</u>

The company's annual operating lease commitments amount to £325,574 on leases all of which expire after more than five years.

- (b) The group has a contractual obligation to pay royalties at future dates of £6,987,788 (1991: £8,214,314).
- (c) The company has a contractual obligation to pay royalties at future dates of £6,743,280 (1991: £8,152,236).
- (d) The company has also issued an undertaking to support the operation of its Australian and New Zealand subsidiaries for the next twelve months.

27 Ultimate and immediate parent companies

The company's immediate parent company is Bantam, Doubleday, Dell Publishing (UK) Limited. Copies of the entity accounts of Bantam, Doubleday, Dell Publishing (UK) Limited may be obtained from its registered office at 61-63 Uxbridge Road, London W5 5SA.

The directors regard Bertelsmann AG, a company registered in Germany, as the ultimate parent company.