

Company no: 485183

**TRANSWORLD PUBLISHERS LIMITED**

FINANCIAL STATEMENTS

30 JUNE 2000



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# TRANSWORLD PUBLISHERS LIMITED

## REPORT OF THE DIRECTORS

The directors present their annual report and audited financial statements for the year ended 30 June 2000.

### Business review

The company has paid a dividend, following which it has again become dormant.

The results of the company for the year are set out in the attached financial statements.

### Dividend

An interim dividend of £8,982,616 was paid on 30 June 2000. No final dividend is proposed.

### Directors

The directors who held office during the year were as follows:

M Barty-King	
J Blake	
A Davies	resigned 25 April 2000
P Dickinson	
L Finlay	
M Gardiner	
G Greenfield	
W Hayhurst	resigned 21 March 2000
B Hempstead	
J Hoeft	resigned 21 March 2000
P Janson-Smith	
E Laczynska	
U Mackenzie	resigned 31 March 2000
I Manhire	
T Pink	
G Prior	
G Rumpf	resigned 31 March 2000

None of the directors at 30 June 2000 had any interest in the shares of any group company at either the beginning or end of the year.

By Order of the Board

  
RL SMITH  
Secretary

20 Vauxhall Bridge Road  
LONDON  
SW1V 2SA

30 October 2000

## **TRANSWORLD PUBLISHERS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act 1985 requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss for the period to that date.

The directors are responsible for maintaining appropriate accounting records which disclose with reasonable accuracy the financial position of the company at any time and 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.

The directors confirm that the accounts have been prepared using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors also confirm that the accounts have been prepared following applicable UK accounting standards and on a going concern basis.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF TRANSWORLD PUBLISHERS LIMITED**

We have audited the financial statements on pages 4 to 8.

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

The directors are responsible for preparing the directors' report and, as described on page 2, 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. 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 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 30 June 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 KPMG

KPMG  
Chartered accountants  
Registered Auditors

London  
31 October 2000

# TRANSWORLD PUBLISHERS LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 2000

	Notes	2000 £	1999 £
TURNOVER	2	-	65,122,606
Cost of sales		-	(34,876,262)
Gross profit		-	30,246,344
Other operating expenses	3	-	(21,786,014)
Operating profit		-	8,460,330
Dividends receivable		-	29,570
Interest income and similar income		-	1,284,636
Interest payable and similar charges	4	-	(46,074)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	-	9,728,462
Taxation on profit on ordinary activities	6	-	(3,053,333)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	6,675,129
Ordinary dividend paid on equity shares	7	(8,982,616)	(20,000,000)
RETAINED LOSS FOR THE FINANCIAL YEAR	9	(8,982,616)	(13,324,871)

The company has no recognised gains or losses other than as disclosed in the Profit & Loss Account.

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	-	6,675,129
Dividend paid	(8,982,616)	(20,000,000)
Net reduction in shareholders' funds	(8,982,616)	(13,324,871)
Shareholders' funds at 1 July 1999	8,987,616	22,312,487
Shareholders' funds at 30 June 2000	5,000	3,987,616

# TRANSWORLD PUBLISHERS LIMITED

## BALANCE SHEET As at 30 June 2000

	Notes	2000 £	1999 £
CURRENT ASSETS			
Debtors - amounts owed by group undertakings		5,000	8,987,616
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,000</u>	<u>8,987,616</u>
CAPITAL AND RESERVES			
Called up share capital	8	5,000	5,000
Profit and loss account	9	-	8,982,616
EQUITY SHAREHOLDERS' FUNDS		<u>5,000</u>	<u>8,987,616</u>

Approved by the board on 30 October 2000.



M GARDINER

Director

# TRANSWORLD PUBLISHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000

### 1. ACCOUNTING POLICIES

#### Basis of preparation of accounts

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As the company is a wholly owned subsidiary of Bertelsmann AG the company is exempt from the requirement, under Financial Reporting Standard 8, to disclose transactions with entities that are part of the group. The company is also exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement on the grounds that its ultimate parent undertaking, Bertelsmann AG, includes the company in its own published consolidated financial statements. The company has taken advantage of these exemptions.

#### Deferred taxation

Provision is made under the liability method for the corporation tax effect arising from all timing differences other than those which are expected with reasonable probability to continue to be deferred into the foreseeable future.

	2000 £	1999 £
2. TURNOVER		
The company's turnover arose from its principal activity of book publishing.		
Geographical analysis by destination of turnover:		
United Kingdom	-	55,277,369
Australia/New Zealand	-	4,499,907
Rest of the world	-	5,345,330
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	-	65,122,606
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### 3. OTHER OPERATING EXPENSES

Distribution costs	-	9,990,000
Administrative expenses	-	11,796,014
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	-	21,786,014
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# TRANSWORLD PUBLISHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000

(continued)

	2000 £	1999 £
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The profit on ordinary activities before tax is stated after charging/(crediting) the following:		
Staff costs:		
Wages and salaries	-	8,250,493
Social security costs	-	681,617
Other pension costs	-	2,935,362
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	-	11,867,472
The average number of persons (including executive directors) employed by the company during the year was:		
Selling and marketing	-	72
Distribution	-	38
Administration	-	111
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	-	221
Interest payable:		
On finance leases and hire purchase contracts	-	46,074
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Other:		
Amortisation of licence	-	36,672
Depreciation charge for the year on tangible fixed assets		
- owned assets	-	1,120,430
- leased assets	-	240,000
Auditors' remuneration - audit fees	-	36,000
Hire of plant and machinery - operating leases	-	24,146
Hire of other assets - operating leases	-	582,107
Profit on disposal of fixed assets	-	(92,627)
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5. DIRECTORS' EMOLUMENTS		
Aggregate emoluments	-	1,825,189
Other emoluments (including benefits in kind)	-	156,406
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	-	1,981,595
Retirement benefits were accruing to 13 directors at 30 June 1999 under the company's defined benefit scheme.		
Highest paid director - emoluments	-	333,278
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No amount was paid to the defined benefit scheme on behalf of the highest paid director.



# TRANSWORLD PUBLISHERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2000

(continued)

	2000 £	1999 £
6. TAXATION		
United Kingdom Corporation Tax @ 30 % (1999 - 30%)	-	3,053,333
7. DIVIDENDS PAID		
Interim dividend paid during the year	8,982,616	20,000,000
8. CALLED UP SHARE CAPITAL		
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	5,000	5,000
9. PROFIT AND LOSS ACCOUNT	£	
Balance at 1 July 1999	8,982,616	
Loss for the year	(8,982,616)	
Balance at 30 June 2000	-	

## 10. RELATED PARTIES

The company's immediate parent company is The Random House Group Limited. Its ultimate parent company, and ultimate controlling party, is Bertelsmann AG, which is incorporated in Germany, copies of whose accounts can be obtained from

Bertelsmann AG  
Carl Bertelsmann Strasse 270  
4830 Gütersloh  
Germany