

Guinness World Records Limited

Directors' Report and Financial Statements

For the Year Ended 31 July 2007

Registered number: 541295

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Guinness World Records Limited

Company Information

Directors	B Steinberg J D Weight
Company Secretary	J Rowland
Company number	541295 Incorporated and registered in England and Wales
Registered office	Maple House 149 Tottenham Court Road London W1T 7NF

Guinness World Records Limited

Directors' report and financial statements

For the year ended 31 July 2007

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Guinness World Records Limited

Directors' report for the year ended 31 July 2007

The Directors present their report and the audited financial statements of the Company for the year ended 31 July 2007

Principal activity and future developments

The Company is engaged in the publication and licensing of intellectual property. These activities relate primarily to the publishing, merchandising and television licensing of the main brand, the "Guinness World Records" book.

Review of the business

The profit for the year was £3,942,000 (2006: £4,630,000). The directors do not recommend the payment of a dividend (2006: nil).

Business environment

The Company owns a brand that has a strong history of over 50 years, and is the global leader in world records. No other company collects, confirms, accredits and presents world record data with the same investment in comprehensiveness and authenticity. While the Company's record keeping and name brand is one of a kind, the annual book, which generates the majority of the Company's revenues, faces competition in the US and Canada from "Ripley's Believe It or Not," which targets the same general audience.

The Company also generates revenues from licensing the Guinness World Records (GWR) brand, certifying world records, and producing and selling television programming based on the world records. The television environment is generally competitive, but, as stated above, the Company benefits from being unique in its product offering.

Principal risks and uncertainties

Although the GWR brand has a strong, stable history, the Company's future success depends on the brand remaining the leader in its field. Some of the revenue streams of the Company, primarily TV, will need new production in order to grow.

Strategy

The Company plans to enhance the strength of the brand through marketing and promotion, new and improved licensees, and continuous improvements to the book design and content.

Future outlook

As described above, the continued success of the GWR brand is key to the future of the Company. The directors currently know of no further issues that would prevent the Company's continued success.

Future developments

The Company will continue to engage in the publication and licensing of intellectual property.

Directors

The current directors of the Company are J D Weight and B Steinberg.

Directors' interests

None of the directors who held office at the end of the year had any disclosable interest in the shares of the Company or any other group company.

Creditor payment policy

The Company does not have a standard code for dealing specifically with the payment of creditors. The Company is generally contracted to settle royalty accruals within 30-60 days of the royalty quarter dates. With respect to other creditors, the Company seeks to agree the terms of payment with the supplier and then pay in accordance with the agreed terms. Discounts offered by vendors are taken when, based on the time value of money, it is advantageous to the Group. Trade creditor days of the Company as at 31 July 2007 were 20 days based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors (2006: 26 days).

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Directors' report for the year ended 31 July 2007 – (continued)

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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. The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

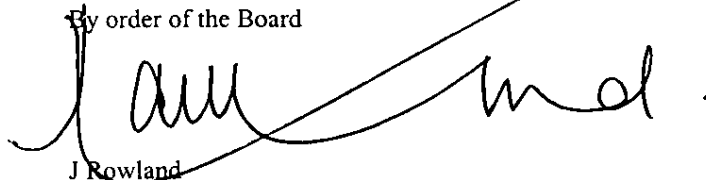
In the case of each of the persons who are directors at the time when the report is approved, the following applies

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and
- the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors

Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditor annually and PricewaterhouseCoopers LLP will therefore continue in office

By order of the Board



J Rowland

Secretary
1 February 2008

Maple House
49 Tottenham Court Road
London
W1T 7NF

Guinness World Records Limited

Independent auditors' report to the members of Guinness World Records Limited

We have audited the financial statements of Guinness World Records Limited for the year ended 31 July 2007, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the directors' report is not consistent with the financial statements. In addition we also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007, and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH
1 February 2008

Guinness World Records Limited

Profit and loss account for the year ended 31 July 2007

	Note	2007 £000	2006 £000
Turnover	2	14,713	14,360
Cost of sales		(6,277)	(5,818)
Gross profit		8,436	8,542
Selling, marketing and distribution costs		(1,006)	(988)
Administrative expenses		(3,525)	(3,083)
Operating profit		3,905	4,471
Interest receivable and similar income	3	215	204
Profit on ordinary activities before taxation	4	4,120	4,675
Tax on profit on ordinary activities	7	(178)	(45)
Profit for the financial year	16,17	3,942	4,630

There are no recognised gains or losses other than the profit for the year and therefore no separate statement of total recognised gains or losses has been presented

There is no difference between the profit on ordinary activities and the retained profit for the year stated above and their historical cost equivalents

All amounts relate to continuing operations

Notes to the financial statements are reported on pages 6 – 13

Guinness World Records Limited

Balance sheet as at 31 July 2007

	Note	2007 £000	2006 £000
Fixed assets			
Tangible assets	8	367	222
Current assets			
Stocks	9	1,865	2,034
Debtors	10	31,769	25,612
Cash at bank and in hand		430	220
		<u>34,064</u>	<u>27,866</u>
Creditors amounts falling due within one year	11	(10,945)	(8,538)
Net current assets		<u>23,119</u>	<u>19,328</u>
Total assets less current liabilities		<u>23,486</u>	<u>19,550</u>
Creditors: amounts falling due after one year		(50)	(122)
Provisions for liabilities	14	(203)	(137)
Net Assets		<u><u>23,233</u></u>	<u><u>19,291</u></u>
Capital and reserves			
Called-up share capital	15	-	-
Profit and loss account	16	23,233	19,291
Total shareholders' funds	17	<u><u>23,233</u></u>	<u><u>19,291</u></u>

The financial statements on pages 4 to 13 were approved by the Board of Directors on 1 February 2008 and were signed on its behalf by



J D Weight
Director

Notes to the financial statements are reported on pages 6 – 13

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Notes to the financial statements for the year ended 31 July 2007

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards

The financial statements are prepared on a going concern basis

A summary of the significant accounting policies which have been applied is set out below

Significant estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event, or actions, actual results may ultimately differ from those estimates

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue from the sale of publications is recognised as goods are shipped to customers. Royalties from licences granting publication and other rights and net fees from exhibitions are recognised on a receivable basis.

Provision for returns

The provision for returns represents management's estimates for future returns of publications and merchandise sold under sale or return contracts. Provision is made for returns of products based on historical return rates and current market conditions.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Stocks

Stocks are stated at the lower of cost and net realisable value and valued on a first in, first out basis. Cost includes raw materials, direct labour and directly attributable expenses. Expenditure on books not yet published is included as work in progress and reclassified as cost of finished goods on publication.

Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Pensions

Pension costs are in respect of a defined contribution (money purchase) pension scheme and are charged to the profit and loss account on the basis of contributions payable during the year.

Deferred taxation

Provision is made in full for deferred tax that arises from timing differences that have originated but not reversed by the balance sheet date on transactions or events that result in an obligation to pay more tax in the future. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be taxable profits from which the underlying differences can be deducted. Deferred tax assets and liabilities are not discounted.

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Notes to the financial statements for the year ended 31 July 2007 (continued)

1. Principal accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rates at the date of transactions. All other gains and losses are dealt with in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates prevailing at the year-end.

2. Turnover

Turnover represents income from the "Guinness World Records" brand through net sales of publications, net royalties and fees receivable from licences granting intellectual property rights to overseas publications, television productions in the UK and overseas, other third parties and from franchised exhibitions.

	2007 £000	2006 £000
Turnover by geographical market		
United Kingdom	5,236	4,666
United States	2,703	3,677
Rest of Europe	3,659	3,234
Rest of World	3,115	2,783
	<u>14,713</u>	<u>14,360</u>

	2007 £000	2006 £000
By class of business		
Publishing	14,152	12,866
Television	561	804
Consumer products	-	690
	<u>14,713</u>	<u>14,360</u>

3. Interest receivable and similar income

	2007 £000	2006 £000
Bank interest received	3	7
Intercompany interest	212	197
	<u>215</u>	<u>204</u>

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Notes to the financial statements for the year ended 31 July 2007 (continued)

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2007 £000	2006 £000
Depreciation of owned tangible fixed assets	88	39
Exceptional items	337	-
Operating lease rentals	177	277
Foreign exchange loss	(54)	(33)
	<u> </u>	<u> </u>

Auditors' remuneration has been borne by a fellow group company, HIT Entertainment Limited for both the current and prior year

Exceptional items relate to redundancy costs associated with reorganisation, £130,000, as well as expenses associated with office relocation, £207,000

5. Employee information

The monthly average number of people employed by the Company during the year including directors was

By activity

	2007 No.	2006 No
Publishing	32	31
	<u> </u>	<u> </u>

Staff costs were as follows

	2007 £000	2006 £000
Wages and salaries	1,566	1,140
Employer's social security costs	142	130
Pension costs	45	42
	<u>1,753</u>	<u>1,312</u>

6. Directors' emoluments

None of the directors received any remuneration in respect of their services to the company in the current or prior year

Retirement benefits are accruing to two directors (2006 two directors) under a defined contribution (money purchase) pension scheme by the ultimate parent company

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Notes to the financial statements for the year ended 31 July 2007 (continued)

7 Tax on profit on ordinary activities

The tax charge for the year is as follows

	2007 £000	2006 £000
a) Analysis of charge in year		
Current tax		
- Foreign tax in the year	64	80
Total current tax	<u>64</u>	<u>80</u>
Deferred tax		
- Timing differences, origination and reversal	33	(11)
- Adjustments in respect of prior years	81	(23)
Total deferred tax charge (Note 13)	<u>114</u>	<u>(34)</u>
Tax charge on profit on ordinary activities	<u>178</u>	<u>45</u>

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before taxation	4,120	4,675
Profit on ordinary activities multiplied by the standard rate in the UK of 30% (2006 30%)	1,236	1,402
Effects of:		
Expenses not deductible for tax purposes	(4)	9
Capital allowances in excess of depreciation	(33)	11
Other permanent differences	358	-
Losses surrendered by other group companies for nil payment	(1,493)	(1,342)
Total current tax charge	<u>64</u>	<u>80</u>

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year There are no other foreseeable factors affecting future tax charges

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Notes to the financial statements for the year ended 31 July 2007 (continued)

8. Tangible fixed assets

	Fixtures and Fittings £000
Cost	
At 1 August 2006	364
Additions	267
Disposals	(113)
At 31 July 2007	518
Depreciation	
At 1 August 2006	142
Charge for the year	88
Disposals	(79)
At 31 July 2007	151
Net book value	
At 31 July 2007	367
	222
At 31 July 2006	

9. Stocks

	2007 £000	2006 £000
Work in progress	1,197	1,296
Finished goods and goods for resale	668	738
	1,865	2,034

10. Debtors

	2007 £000	2006 £000
Trade debtors	1,163	1,629
Amounts owed by group undertakings	29,860	22,346
Deferred tax (Note 13)	167	281
Other debtors	29	67
Prepayments and accrued income	550	1,289
	31,769	25,612

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Notes to the financial statements for the year ended 31 July 2007 (continued)

11. Creditors – amounts falling due within one year

	2007 £000	2006 £000
Trade creditors	517	352
Amounts owed to group undertakings	4,168	1,553
Other creditors	41	36
Accruals and deferred income	6,219	6,597
	<u>10,945</u>	<u>8,538</u>

12. Bank loans and overdrafts

The Company is one of the guarantors on the Sunshine Acquisitions Limited group borrowing facilities. These facilities are secured by a fixed and floating charge on the assets of the Company.

13. Deferred tax asset

	Deferred Tax £000
At 1 August 2006	281
Charge to profit and loss account	(114)
At 31 July 2007	<u>167</u>

The analysis of the deferred taxation balance is as follows

	2007 £000	2006 £000
Accelerated capital allowances	78	165
Short term timing differences	89	116
	<u>167</u>	<u>281</u>

14. Provisions

	Provisions for returns £000
At 1 August 2006	137
Charged to profit and loss account	234
Utilised during the year	(168)
At 31 July 2007	<u>203</u>

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Notes to the financial statements for the year ended 31 July 2007 (continued)

15. Called up share capital

Ordinary Shares of £1 each

	No	2007 £	No	2006 £
Authorised	100	100	100	100
Allotted and fully paid	100	100	100	100

16. Reserves

	Profit and loss account £000
At 1 August 2006	19,291
Profit for the financial year	3,942
At 31 July 2007	23,233

17. Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Opening shareholders' funds	19,291	14,661
Profit for the financial year	3,942	4,630
Closing shareholders' funds	23,233	19,291

18. Financial commitments

At 31 July 2007, the Company had annual commitments under non-cancellable operating leases, expiring as follows

	2007		2006	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	-	-	71	-
Between one and five years	-	6	-	16
After five years	171	-	206	-
	171	6	277	16

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Notes to the financial statements for the year ended 31 July 2007 (continued)

19. Immediate and ultimate parent undertakings

The smallest group into which the Company is consolidated is headed by Sunshine Holdings 3 Limited, which is registered in England and Wales. The financial statements of Sunshine Holdings 3 Limited are available at 149 Tottenham Court Road, London, W1T 7NF.

The largest group into which the Company is consolidated is headed by Sunshine Holdings 2 Limited, which is registered in England and Wales. The directors consider Gullane Entertainment Limited to be the immediate controlling company, and Apax Partners Limited to be the ultimate controlling company on behalf of funds under its control.

20. Cash flow statement

The financial statements of Sunshine Holdings 3 Limited for the year ended 31 July 2007 contain a consolidated cash flow statement. Consequently, the Company has taken advantage of exemption 5(a) granted by Financial Reporting Standard 1 (Revised 1996) and has not published a cash flow statement.

21. Related party transactions

As the Company is a wholly owned subsidiary of Sunshine Holdings 3 Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and therefore has not disclosed transactions or balances with entities which form part of the Sunshine Holdings 3 Limited group of companies. There were no other related party transactions in the current or prior year that require disclosure in the accounts.

22. Post balance sheet events

A number of changes to the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of these changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the 2008 Finance Act. The impact of these changes will be recognised in the period in which the 2008 Finance Act becomes substantively enacted, which is expected to be in the year to 31 December 2008.

Changes to the capital allowances regime will result in the reduction of deferred tax liabilities. A reduction of £5,000 is expected to be recognised as a credit to the P&L account in the 2008 year.