

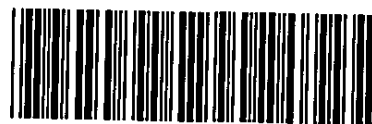
**Guinness World Records Limited**

**Directors' report and financial  
statements**

Registered number 541295

For the year ended 31 December 2010

TUESDAY



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## **Directors' report**

The directors present the directors' report and financial statements for the year ended 31 December 2010

### **Principal activities**

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

### **Business review**

The profit for the year ended 31 December 2010 was £6.5 million, (2009 £6.6 million). Turnover for the year was £19.2 million, (2009 £20.8 million) giving an operating margin/profit of 43.8%/£8.4 million, (2009 36.1%/£7.5 million).

### **Dividends**

On 20 April 2010 and 1 December 2010 the Company paid interim dividends of £3 million and £5 million respectively to GWRUK Acquisition Corp Limited.

### **Business environment**

The Company owns a brand that has a strong history dating back over 55 years. Sales of the book continue to be strong, although recently sales have been challenged by the closure of book retailers in several countries and the introduction of e-books.

The Company is a global leader in world records. No other company collects, confirms and accredits and presents world record data with the same investment in comprehensiveness and authenticity.

The Company licenses its brand and content via traditional trademark deals or via television programming and these business streams continue to perform successfully.

### **Principal risks and uncertainties**

The Company continues to be faced with the challenges created by the recent economic downturn. The Company is also facing technological change as readers move towards the e-book format although the Company has developed its own electronic books to appeal to these consumers.

### **Strategy**

The Company is focused on ensuring that all of its products are reaching a larger market.

The approach that the company has taken to currency risk is via a strategy of natural hedging, seeking to cover its foreign debts by bringing in cash in the same currency from foreign debtors.

### **Future Outlook**

Despite the risks outlined above, the directors feel that the Company will continue its current success. The Directors feel that the forthcoming year will be challenging but remain optimistic about the ability of the company to continue to meet its financial growth targets.

### **Directors**

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

A. Richards  
R. Bergen  
D. Joyce

### **Political and charitable contributions**

The Company made no political or charitable donations nor incurred any political expenditure during the period (2009 nil).

## **Directors' report** *(continued)*

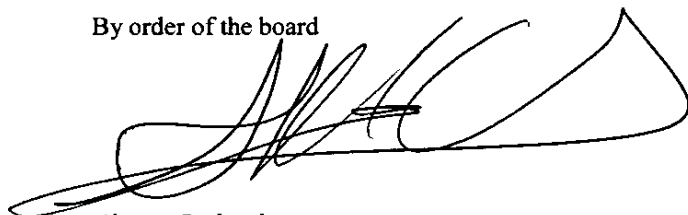
### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

During the period the Company appointed KPMG LLP as auditors Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

A large, stylized handwritten signature in black ink, appearing to read 'Alistair Richards'.

*Alistair Richards*  
Director

17 Hanover Square,  
London W1S 1HU  
30 June 2011

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility 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.

## **INDEPENDENT AUDITOR'S 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 December 2010 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**


We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Sarah Styant (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

15 Canada Square  
London, E14 5GL,  
United Kingdom

//  July 2011

**Profit and Loss Account**  
*for the year ended 31 December 2010*

	<i>Note</i>	<b>Year ended 31 Dec 2010</b>	<b>Year ended 31 Dec 2009</b>
		<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>19,231</b>	<b>20,842</b>
Cost of sales		(6,494)	(7,253)
<b>Gross profit</b>		<b>12,737</b>	<b>13,589</b>
Selling, marketing and distribution costs		(464)	(1,503)
Administrative expenses		(3,854)	(4,549)
<b>Operating profit</b>		<b>8,419</b>	<b>7,537</b>
Interest receivable and similar income	6	251	486
Interest payable and similar charges	7	(12)	(44)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>8,658</b>	<b>7,979</b>
Tax on profit on ordinary activities	8	(2,182)	(1,381)
<b>Profit for the financial year</b>		<b>6,476</b>	<b>6,598</b>

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

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

All amounts relate to continuing operations

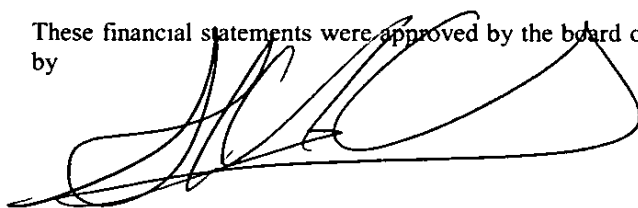
Notes to the financial statements are reported on pages 9 - 18

**Balance Sheet**  
*As at 31 December 2010*

	<i>Note</i>	<b>31 December 2010</b>		<b>31 December 2009</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	9		231		258
			<hr/>		<hr/>
<b>Current assets</b>					
Stocks	10	220		256	
Debtors	11	4,769		6,899	
Cash at bank and in hand		8,792		7,858	
		<hr/>		<hr/>	
<b>Creditors' amounts falling due within one year</b>	14	13,781 (5,693)		15,013 (6,014)	
		<hr/>		<hr/>	
<b>Net current assets</b>			8,088		8,999
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			8,319		9,257
<b>Provisions for liabilities</b>	15		(4,647)		(4,061)
			<hr/>		<hr/>
<b>Net assets</b>			3,672		5,196
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16		-		-
Profit and loss account	17		3,672		5,196
			<hr/>		<hr/>
<b>Shareholders' funds</b>			3,672		5,196
			<hr/>		<hr/>

Notes to the financial statements are reported on pages 9 - 18

These financial statements were approved by the board of directors on 30 June 2011 and were signed on its behalf by



**Alistair Richards**  
 Director

30 June 2011



## Notes

*(forming part of the financial statements)*

### 1 Principal accounting policies

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Director's report on pages 3-4. The company has considerable financial resources together with a diverse customer base across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of its immediate parent company, GWRUK Acquisition Corp Limited, a company incorporated in the United Kingdom. These financial statements present information about the company as an individual undertaking and not about its group.

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

#### ***Significant estimates and assumptions***

The preparation of the 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.

#### ***Provision for returns***

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions.

#### ***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 in work-in-progress and reclassified as finished goods on publication.

#### ***Tangible fixed assets and depreciation***

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 current period over which the assets are depreciated is between 36 months and 120 months for fixtures and fittings. The expected useful lives of the assets to the business are reassessed periodically.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Notes (continued)**  
*(forming part of the financial statements)*

**1 Principal accounting policies (continued)**

***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease  
The Company has no finance leases

***Pensions***

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

***Taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

***Cash flow statement***

Under FRS 1 (revised) *Cash flow statements*, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of GWRUK Acquisition Corp Limited. The cash flows of the company are included in the consolidated cash flow of GWRUK Acquisition Corp Limited.

## Notes (continued)

### 2 Analysis of turnover

	Year ended 31 Dec 2010 Turnover £000	Year ended 31 Dec 2009 Turnover £000
<i>By geographical market:</i>		
United Kingdom	5,816	7,738
United States	3,404	3,348
Rest of Europe	4,907	7,748
Japan	1,221	655
Rest of World	3,883	1,353
	<u>19,231</u>	<u>20,842</u>
<i>By class of business:</i>		
Publishing and other	15,500	17,113
Television	789	919
Records Management	1,762	1,586
Licensing	1,180	1,224
	<u>19,231</u>	<u>20,842</u>

### 3 Profit on ordinary activities before taxation

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation	90	118
Operating lease rentals	278	243
	<u></u>	<u></u>
<i>Auditor's remuneration</i>	<b>£000</b>	<b>£000</b>
Audit of these financial statements	49	106
Other services relating to taxation	3	5
	<u></u>	<u></u>

## Notes (continued)

### 4 Remuneration of directors

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
Directors' emoluments	466	464
Company contributions to money purchase pension schemes	24	24

The amounts disclosed represent the remuneration of the highest paid director. Two of the directors did not receive any remuneration in respect of their services to the company in the current period or prior year. There are no retirement benefits accruing to any director and none of the directors have any shares or options in the Company.

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	Year ended 31 Dec	Year ended 31 Dec
Publishing	19	16
Television	2	2
Records Management	14	11
Licensing	8	1
Other – support	12	10
Total	<u>55</u>	<u>40</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 Dec £000	Year ended 31 Dec £000
Wages and salaries	2,780	2,254
Social security costs	318	247
Pension costs	52	47
	<u>3,150</u>	<u>2,548</u>

The Company operates a defined contribution scheme. The amounts charged above represent the contributions paid to the scheme in respect of the accounting period.

## Notes (continued)

### 6 Interest receivable and similar income

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
Bank interest received	-	14
Net gain on foreign exchange	251	472
	<u>251</u>	<u>486</u>

### 7 Interest payable and similar expenses

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
Bank interest paid	(2)	(7)
Bank fees & other charges	(10)	(37)
	<u>(12)</u>	<u>(44)</u>

### 8 Taxation

#### Analysis of charge in period

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
<i>UK corporation tax</i>		
Current tax on income for the period	2,076	2,042
Adjustment in respect of previous years	(201)	(565)
<i>Foreign tax</i>		
Current tax on income for the period	52	144
Total current tax	<u>1,927</u>	<u>1,621</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	255	(240)
Total deferred tax	<u>255</u>	<u>(240)</u>
Tax on profit on ordinary activities	<u>2,182</u>	<u>1,381</u>

## Notes (continued)

### 8 Taxation (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK effective for the period (28%, 2009 28 %). The differences are explained below

	Year ended 31 Dec 2010 £000	Year ended 31 Dec 2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	8,658	7,979
Current tax at 28 % (2009 28 %)	2,424	2,234
<i>Effects of</i>		
Expenses not deductible for tax purposes (non-taxable income)	(8)	11
Capital allowances for period (in excess of) less than depreciation	(10)	9
Other permanent differences	-	(7)
Timing of provision recognition	72	314
Losses surrendered by other group companies for nil payment	(350)	(375)
Adjustment in respect of previous years	(201)	(565)
Total current tax charge (see above)	1,927	1,621

#### Factors that may affect future current and total tax charges

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods after taking into account expenditure not deductible for taxation. The statutory rate of corporation tax is reduced with effect from 1 April 2011 to 26%.

### 9 Tangible fixed assets

	Fixtures, fittings and equipment £000	Total £000
<i>Cost</i>		
At beginning of period	669	669
Additions	63	63
At end of period	732	732
<i>Depreciation</i>		
At beginning of period	411	411
Charge for period	90	90
At end of period	501	501
<i>Net book value</i>		
At 31 December 2010	231	231
At 31 December 2009	258	258

## Notes (continued)

### 10 Stocks

	31 Dec 2010 £000	31 Dec 2009 £000
Work in progress	173	175
Finished goods and goods for resale	47	81
	<u>220</u>	<u>256</u>

### 11 Debtors

	31 Dec 2010 £000	31 Dec 2009 £000
Trade debtors	2,787	4,704
Amounts owed by parent undertakings	1,500	-
Amounts owed by fellow undertakings	-	1,431
Other debtors	129	150
Net deferred tax assets (note 12)	235	490
Prepayments and accrued income	118	124
	<u>4,769</u>	<u>6,899</u>

The current period amount owed by parent undertakings represents balances owed by GWRUK Acquisition Corp Limited and arose during the period. The prior period amount owed by fellow undertakings represented an amount owed by Guinness World Records North America Inc and arose during 2009.

### 12 Deferred tax asset

	31 Dec 2010 £000	31 Dec 2009 £000
Opening deferred tax assets	490	250
(Charge)/credit to profit and loss account	(255)	240
Closing deferred tax asset	<u>235</u>	<u>490</u>
The analysis of the deferred taxation balance is as follows		
Accelerated capital allowances	27	26
Short-term timing differences	208	464
	<u>235</u>	<u>490</u>

The tax asset relates to timing differences in relation to depreciation in excess of capital allowances. The short-term timing differences relate to provisions which are expected to reverse in the foreseeable future.

## Notes (continued)

### 13 Investments

	Shares in group undertakings £000	Total £000
<i>Cost</i>		
At beginning of year	-	-
At end of year	-	-

The principal companies in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal Activity	Class and percentage of shares held
Guinness World Records Japan KK	Japan	Sales	Ordinary 100%

The closing reserves of Guinness World Records Japan KK at 31 December 2010 are £nil and the profit for the year ended 31 December 2010 is £nil

### 14 Creditors: amounts falling due within one year

	31 Dec 2010 £000	31 Dec 2009 £000
Trade creditors	769	571
Other creditors	94	75
Amounts owed to fellow undertakings	1,944	-
Corporate tax liability	567	1,342
Accruals and deferred income	2,319	4,026
	<u>5,693</u>	<u>6,014</u>

The current period amount owed to fellow undertakings represents balances owed to Guinness World Records North America Inc and arose during the period



**Notes (continued)**

**15 Provisions for liabilities**

	<b>Returns provisions £000</b>	<b>Other provisions £000</b>	<b>Total £000</b>
At 1 January 2010	1,944	2,117	4,061
Utilised during period	(220)	-	(220)
Additional amounts provided	980	150	1,130
Amounts released unused	(324)	-	(324)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	2,380	2,267	4,647
	<hr/>	<hr/>	<hr/>

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions. Other provisions relate to potential legal, royalty and property liabilities.

**16 Called up share capital**

	<b>31 Dec 2010 £</b>	<b>31 Dec 2009 £</b>
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

**17 Reserves**

	<b>Profit and loss account £000</b>
At 1 January 2010	5,196
Profit for the year	6,476
Dividends paid	(8,000)
	<hr/>
At 31 December 2010	3,672
	<hr/>

On the 20 April 2010 and 1 December 2010 cash dividends of £3 million and £5 million were paid respectively to GWRUK Acquisition Corp Limited.

## Notes (continued)

### 18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and Buildings £000	2009 Land and buildings £000
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	173	195
Over five years	-	-
	<hr/>	<hr/>
	173	195
	<hr/>	<hr/>

### 19 Related Party Transactions

Under FRS 8 the company is exempt from the requirement to disclose related party transactions with the Guinness World Records Group and its associated undertakings on the ground that is a wholly owned subsidiary of GWRUK Acquisition Corp Limited

During the year, the Company received £3,129,000 in sales included in turnover (2009 £2,368,000) from Guinness World Records North America, Inc , fellow subsidiary undertaking of Jim Pattison Ltd

At 31 December 2010, the Company was owed £nil included in debtors, (2009 £1,431,000) from Guinness World Records North America, Inc , fellow subsidiary undertaking of Jim Pattison Ltd , (note 11)

At 31 December 2010, the Company was owed £1,500,000 included in debtors, (2009 £nil) from GWRUK Acquisition Corp Limited The full amount was repaid in January 2011 without interest, (note 11)

### 20 Immediate and ultimate parent undertakings

The Company is a subsidiary undertaking of GWRUK Acquisition Corp Limited which is the immediate parent company incorporated in the United Kingdom The ultimate parent company is Jim Pattison Ltd incorporated in British Columbia, Canada

### 21 Post balance sheet events

On 15 June 2011 the company paid a dividend of £3.5 million to GWRUK Acquisition Corp Limited