

**Guinness World Records Limited**

**Directors' Report and Financial Statements**

**For the Year Ended 31 July 2004**

**Registered number: 541295**



**Guinness World Records Limited**

**Directors' report and financial statements**

**For the year ended 31 July 2004**

<b>Contents</b>	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 – 12

# **Guinness World Records Limited**

## **Directors' report for the year ended 31 July 2004**

The directors submit their annual report and the audited financial statements of Guinness World Records Limited ('the Company') for the year ended 31 July 2004. Prior period comparatives are for the eleven month period ended 31 July 2003.

### **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 £2,626,000 (11 months ended 31 July 2003 – profit £5,104,000). The directors do not recommend the payment of a dividend (11 months ended 31 July 2003 - £nil).

### **Future developments**

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

### **Directors**

The directors of the Company during the year and to the date of this report were as follows:

N Birrell  
C Caminada  
R Lawes (resigned 21 October 2004)

### **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. Messrs Birrell, Caminada and Lawes (until the date of his resignation) were also directors of the ultimate parent, HIT Entertainment PLC. The interests of Messrs Birrell, Caminada and Lawes in the share capital of HIT Entertainment PLC are disclosed in the annual report of that company.

# **Guinness World Records Limited**

## **Directors' report for the year ended 31 July 2004**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare accounts for each period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- 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 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 steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

In accordance with Section 386 of the Companies Act 1985, an elective resolution has been passed to dispense with the requirement to reappoint auditors on an annual basis.

By order of the Board



S M Pearce  
Secretary

21/12/ 2004

Maple House  
149 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 which comprise the profit and loss account, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

### Basis of audit 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 31 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

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

*21 December 2004*

# Guinness World Records Limited

## Profit and loss account for the year ended 31 July 2004

	Note	Year ended 31 July 2004 £000	11 months ended 31 July 2003 £000
Turnover	2	13,585	14,444
Cost of sales		(5,846)	(5,450)
<b>Gross profit</b>		<b>7,739</b>	<b>8,994</b>
Selling, marketing and distribution costs		(845)	(630)
Administrative expenses		(2,913)	(3,169)
<b>Operating profit</b>		<b>3,981</b>	<b>5,195</b>
Interest receivable and similar income	3	2	46
Interest payable and similar charges	4	(1)	-
<b>Profit on ordinary activities before taxation</b>	5	<b>3,982</b>	<b>5,241</b>
Tax on profit on ordinary activities	8	(1,356)	(137)
<b>Retained profit for the year/period</b>	16,17	<b>2,626</b>	<b>5,104</b>

There are no recognised gains or losses other than the profit for the year/period 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/period stated above and their historical cost equivalents.

All amounts relate to continuing operations.

# Guinness World Records Limited

## Balance sheet at 31 July 2004

	Note	<u>31 July 2004</u> £000	<u>31 July 2003</u> £000
<b>Fixed assets</b>			
Tangible assets	9	18	26
<b>Current assets</b>			
Stocks	10	3,155	3,552
Debtors	11	13,881	9,563
Cash at bank and in hand		1,067	827
		<hr/>	<hr/>
		18,103	13,942
<b>Creditors – Amounts falling due within one year</b>	12	(7,767)	(6,240)
		<hr/>	<hr/>
<b>Net current assets</b>		10,336	7,702
		<hr/>	<hr/>
<b>Net Assets</b>		<u>10,354</u>	<u>7,728</u>
<b>Capital and reserves</b>			
Called-up share capital	15	-	-
Profit and loss account	16	10,354	7,728
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	17	<u>10,354</u>	<u>7,728</u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 21 December 2004 and were signed on its behalf by:



N Birrell – Director

# **Guinness World Records Limited**

## **Notes to the financial statements – 31 July 2004**

### **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.

The Accounting Standards Board has issued an amendment to Financial Reporting Standard 5 'Reporting the Substance of Transactions,' namely the addition of Application Note G 'Revenue Recognition.' The amendment takes effect for accounting periods ending on or after 23 December 2003 and applies to the Company for the year ended 31 July 2004. The Company has reviewed its revenue recognition accounting policies and determined that no changes to current accounting policies were required, and that the Company is in full compliance with the provisions of this amendment.

#### **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 cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost on a straight line basis over the expected useful economic life of two years.

#### **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.



# Guinness World Records Limited

## Notes to the financial statements – 31 July 2004 (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.

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.

	Year ended 31 July 2004	11 months ended 31 July 2003
	£000	£000
Turnover by destination:		
United Kingdom	4,824	4,508
United States	4,377	4,786
Rest of Europe	2,770	2,295
Rest of World	1,614	2,855
	<u>13,585</u>	<u>14,444</u>

	Year ended 31 July 2004	11 months ended 31 July 2003
	£000	£000
By class of business:		
Consumer products	491	567
Publishing	12,200	13,291
Television	894	586
	<u>13,585</u>	<u>14,444</u>

### 3. Interest receivable and similar income

	Year ended 31 July 2004	11 months ended 31 July 2003
	£000	£000
Bank interest received	<u>2</u>	<u>46</u>

# Guinness World Records Limited

## Notes to the financial statements – 31 July 2004 (continued)

### 4. Interest payable and similar charges

	Year ended 31 July 2004 £000	11 months ended 31 July 2003 £000
Other interest payable	1	-

### 5. Profit on ordinary activities before taxation

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

	Year ended 31 July 2004 £000	11 months ended 31 July 2003 £000
Depreciation of owned tangible fixed assets	20	92
Redundancy costs	31	430
Operating lease rentals	326	292
Foreign exchange loss/(gain)	2	(323)

Auditors' remuneration has been borne by the ultimate parent Company, HIT Entertainment PLC.

### 6. Employee information

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

	Year ended 31 July 2004 No.	11 months ended 31 July 2003 No.
Publishing	35	40

Staff costs were as follows:

	Year ended 31 July 2004 £000	11 months ended 31 July 2003 £000
Wages and salaries	1,243	1,294
Employer's social security costs	145	147
Other pension costs	65	21
	1,453	1,462

# Guinness World Records Limited

## Notes to the financial statements – 31 July 2004 (continued)

### 7. Directors' emoluments

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

Retirement benefits are accruing to three directors (2003: three directors) under a defined contribution (money purchase) pension scheme by the ultimate parent company.

### 8. Tax on profit on ordinary activities

The tax charge for the year/period is as follows:

	Year ended 31 July 2004 £000	11 months ended 31 July 2003 £000
Current tax		
- Corporation tax charge on profit for year/period	44	47
- Amount payable to parent company in respect of tax saved by group relief for prior years	1,234	-
	<hr/>	<hr/>
Total current tax	1,278	47
	<hr/>	<hr/>
Deferred tax		
- Timing differences, origination and reversal	64	109
- Adjustments in respect of prior periods	14	(19)
	<hr/>	<hr/>
Total deferred tax charge	78	90
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	<u>1,356</u>	<u>137</u>
The current year tax charge can be reconciled as follows:		
Profit on ordinary activities before taxation	3,982	5,241
Corporation tax at UK standard rate of 30% (2003: 30%)	1,195	1,572
Charge for prior year's group relief	1,234	-
Expenses not deductible for tax purposes	4	65
Capital allowances in excess of depreciation	(64)	(57)
Movement in short term timing differences	-	(52)
Group relief received from group companies for nil consideration	(1,091)	(1,481)
	<hr/>	<hr/>
Current tax charge for the year/period	<u>1,278</u>	<u>47</u>

# Guinness World Records Limited

## Notes to the financial statements – 31 July 2004 (continued)

### 9. Tangible fixed assets

<u>Cost</u>	<u>Plant and Machinery</u> £000	<u>Fixtures and Fittings</u> £000	<u>Total</u> £000
At 1 August 2003	819	407	1,226
Additions	-	12	12
	<hr/>	<hr/>	<hr/>
At 31 July 2004	819	419	1,238
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 August 2003	819	381	1,200
Charge for the year	-	20	20
	<hr/>	<hr/>	<hr/>
At 31 July 2004	819	401	1,220
	<hr/>	<hr/>	<hr/>
<u>Net book value</u>			
At 31 July 2004	-	18	18
	<hr/>	<hr/>	<hr/>
At 31 July 2003	-	26	26
	<hr/>	<hr/>	<hr/>

### 10. Stocks

	<u>31 July 2004</u> £000	<u>31 July 2003</u> £000
Work in progress	2,589	2,150
Finished goods and goods for resale	566	1,402
	<hr/>	<hr/>
	3,155	3,552
	<hr/>	<hr/>

### 11. Debtors

	<u>31 July 2004</u> £000	<u>31 July 2003</u> £000
Trade debtors	1,573	938
Amounts owed by group undertakings	11,053	7,628
Deferred tax (Note 14)	299	377
Other debtors	168	13
Prepayments and accrued income	788	607
	<hr/>	<hr/>
	13,881	9,563
	<hr/>	<hr/>

# Guinness World Records Limited

## Notes to the financial statements – 31 July 2004 (continued)

### 12. Creditors – amounts falling due within one year

	<u>31 July 2004</u>	<u>31 July 2003</u>
	£000	£000
Bank overdraft	-	13
Trade creditors	1,471	810
Amounts owed to group undertakings	5	4
Other tax and social security payable	43	30
Accruals and deferred income	6,248	5,383
	<u>7,767</u>	<u>6,240</u>

### 13. Bank loans and overdrafts

The Company is one of the guarantors on the HIT Entertainment Group's borrowing facilities. These facilities are secured by a fixed and floating charge on the assets of the Company.

### 14. Deferred tax asset

	<u>Deferred tax £000</u>
Balance at 1 August 2003	377
Charge to profit and loss account	(78)
	<u>299</u>
Balance at 31 July 2004	<u>299</u>

The analysis of the deferred taxation balance is as follows:

	<u>31 July 2004</u>	<u>31 July 2003</u>
	£000	£000
Accelerated capital allowances	209	274
Short term timing differences	90	103
	<u>299</u>	<u>377</u>

### 15. Share capital

Ordinary Shares of £1 each

	<u>31 July 2004</u>		<u>31 July 2003</u>	
	No	£	No	£
Authorised	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Allotted, called-up and fully paid	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

# Guinness World Records Limited

## Notes to the financial statements – 31 July 2004 (continued)

### 16. Reserves

	Profit and loss account £000
Balance at 1 August 2003	7,728
Profit for the year	2,626
Balance at 31 July 2004	<u>10,354</u>

### 17. Reconciliation of movements in equity shareholders' funds

	<u>31 July 2004</u> £000	<u>31 July 2003</u> £000
Opening shareholders' funds	7,728	2,624
Profit for the year/period	2,626	5,104
Closing shareholders' funds	<u>10,354</u>	<u>7,728</u>

### 18. Financial commitments

At 31 July 2004, the Company had annual commitments under non-cancellable operating leases, expiring as follows:

	<u>31 July 2004</u>		<u>31 July 2003</u>	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	-	7	-	-
Between one and five years	317	-	301	-
After five years	-	-	-	10

### 19. Immediate and ultimate parent undertakings

At the period end the Company's immediate parent undertaking was Gullane Entertainment Limited, which is registered in England and Wales. The ultimate controlling party is HIT Entertainment PLC, which is registered in England and Wales. The consolidated financial statements of HIT Entertainment PLC can be obtained from the Registered Office at Maple House, 149 Tottenham Court Road, London W1T 7NF.

### 20. Cash flow statement

The financial statements of HIT Entertainment PLC for the year ended 31 July 2004 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

The Company has taken advantage of the exemption provided by paragraph 3(c) of Financial Reporting Standard 8 not to disclose transactions with entities that are part of the HIT Entertainment PLC group. There were no other related party transactions in the current year or prior period.