

# Financial Statements Readers Union Limited

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For the year ended 31 December 2011

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27/09/2012

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COMPANIES HOUSE

Registered number: 00843946

## Company Information

<b>Directors</b>	S Domville D Nussbaum J Ogle
<b>Company number</b>	00843946
<b>Registered office</b>	Brunel House Forde Road Newton Abbot Devon TQ12 4PB
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11/13 Penhill Road Cardiff South Glamorgan CF11 9UP

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# Directors' Report

For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

## **Directors' responsibilities statement**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 estimates that are reasonable and prudent,
- 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 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.

## **Principal activities**

The principal activities of the company are selling direct to consumers via catalogue mailings and online through various websites.

## **Directors**

The directors who served during the year were

S Domville  
D Nussbaum  
J Ogle

## **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk and uncertainties affecting the company relate to the change in business direction from the operation of a book club to the development of an online, direct to customer outlet.

## Directors' Report

For the year ended 31 December 2011

### **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

### **Auditor**

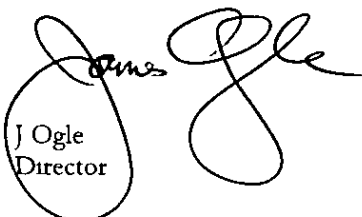
Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on

25/9/12

and signed on its behalf

  
J Ogle  
Director

## Independent Auditor's Report to the Members of Readers Union Limited

We have audited the financial statements of Readers Union Limited for the year ended 31 December 2011, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor**

As explained more fully in the Directors' responsibilities statement, 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 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 Auditing Practices Board's website 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.



## Independent Auditor's Report to the Members of Readers Union Limited

### **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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report

A handwritten signature in black ink, appearing to read "James Morter".

James Morter (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Cardiff

Date 25 September 2012

# Profit and Loss Account

For the year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover		1,150	1,414
Cost of sales		(1,090)	(1,290)
<b>Gross profit</b>		<b>60</b>	<b>124</b>
Distribution costs		(177)	(205)
Administrative expenses		(297)	(303)
<b>Loss on ordinary activities before taxation</b>		<b>(414)</b>	<b>(384)</b>
Tax on loss on ordinary activities		-	-
<b>Loss for the financial year</b>	9	<b>(414)</b>	<b>(384)</b>

The notes on pages 7 to 11 form part of these financial statements



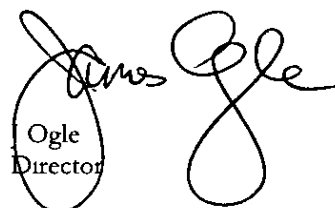
## Balance Sheet

As at 31 December 2011

	Note	£000	2011 £000	£000	2010 £000
<b>Fixed assets</b>					
Tangible assets	4		69		137
<b>Current assets</b>					
Stocks		139		122	
Debtors	5	8,056		8,622	
Cash at bank		201		67	
		<u>8,396</u>		<u>8,811</u>	
<b>Creditors, amounts falling due within one year</b>	6	<u>(7,848)</u>		<u>(7,886)</u>	
<b>Net current assets</b>			<u>548</u>		<u>925</u>
<b>Total assets less current liabilities</b>			<u>617</u>		<u>1,062</u>
<b>Provisions for liabilities</b>					
Other provisions	7		<u>(34)</u>		<u>(65)</u>
<b>Net assets</b>			<u>583</u>		<u>997</u>
<b>Capital and reserves</b>					
Called up share capital	8		-		-
Profit and loss account	9		<u>583</u>		<u>997</u>
<b>Shareholders' funds</b>			<u>583</u>		<u>997</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25/9/12

  
Ogle  
Director

The notes on pages 7 to 11 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 December 2011

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised when goods are dispatched

### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	3 to 4 years
Motor vehicles	-	3 to 5 years
Fixtures & fittings	-	3 to 5 years

### 1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

### 1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

# Notes to the Financial Statements

For the year ended 31 December 2011

## 1. Accounting Policies (continued)

### 17 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

### 18 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

## 2. Loss

The loss is stated after charging

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
- owned by the company	105	111
Auditors' remuneration	7	7
Pension costs	1	9
	<u>113</u>	<u>127</u>

During the year, no director received any emoluments (2010 - £NIL)

## 3. Directors

The directors of the company are also directors of the immediate parent company and the fellow subsidiaries. In the current year the remuneration of these directors is borne by the ultimate parent company, being F&W Publications Inc. It is not practicable to allocate total remuneration between services to this company and other group companies.

## Notes to the Financial Statements

For the year ended 31 December 2011

**4. Tangible fixed assets**

	Fixtures & fittings £000	Motor vehicles £000	Plant & machinery £000	Total £000
<b>Cost</b>				
At 1 January 2011	610	5	862	1,477
Additions	-	-	37	37
Disposals	-	-	(5)	(5)
At 31 December 2011	610	5	894	1,509
<b>Depreciation</b>				
At 1 January 2011	610	5	725	1,340
Charge for the year	-	-	105	105
On disposals	-	-	(5)	(5)
At 31 December 2011	610	5	825	1,440
<b>Net book value</b>				
At 31 December 2011	-	-	69	69
At 31 December 2010	-	-	137	137

**5. Debtors**

	2011 £000	2010 £000
Trade debtors	30	120
Amounts owed by group undertakings	8,000	8,487
Other debtors	26	6
Corporation tax repayable	-	9
	8,056	8,622

**6. Creditors:  
Amounts falling due within one year**

	2011 £000	2010 £000
Payments received on account	15	4
Trade creditors	149	200
Amounts owed to group undertakings	7,679	7,678
Accruals and deferred income	5	4
	7,848	7,886

# Notes to the Financial Statements

For the year ended 31 December 2011

## 7. Provisions

	Onerous lease £000
At 1 January 2011	65
Amounts used	(31)
At 31 December 2011	<u>34</u>

### Onerous lease

The lease on Brunel House (main trading premises) was sub-let to an unrelated third party in 2008 at a rental lower than that which Readers Union Limited are contractually required to pay to the landlords. As a result, an onerous lease provision of £93,000 was established and will be utilised across the term of the lease until 31 December 2015.

## 8. Share capital

	2011 £000	2010 £000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

## 9. Reserves

	Profit and loss account £000
At 1 January 2011	997
Loss for the year	(414)
At 31 December 2011	<u>583</u>

## 10. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

## Notes to the Financial Statements

For the year ended 31 December 2011

### **11. Ultimate parent undertaking and controlling party**

F&W Publications Inc, a company incorporated in the USA, is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 4700E Galbraith Road, Cincinnati, Ohio 45326, USA. F&W (UK) Limited is the parent company of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Brunel House, Newton Abbot, Devon TQ12 4PU. F&W Publications Inc is considered to be the ultimate parent undertaking.