

(Registered Number 1895236)

International Masters Publishers Limited

**Directors' Report and Financial Statements
– for the year ended 31 August 2008**

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International Masters Publishers Limited

Directors' report for the year ended 31 August 2008

The directors present their report and the audited financial statements of the company for the year ended 31 August 2008.

Principal activity

The company's principal activity during the year continued to be the publishing of continuity series in popular mass-market subject areas using direct marketing methods.

Results and dividends

The results for the year and the financial position of the company are shown in the attached financial statements. The profit after taxation for the year was £882,000 (2007: £414,000).

No dividend was paid during the year (2007: £nil) resulting in a profit of £882,000 to be transferred to reserves (2007: £414,000).

Review of the business and future developments

The company's turnover decreased by 4% on the prior year to £3,372,000 (2007: £3,497,000). Trading conditions remain challenging. We expect a positive business development in the coming year, achieved through the development of successful products, marketing concepts and with the continuing support of the parent company.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relates to the need to continue to successfully develop and market our products and services.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit, liquidity, interest rate and foreign exchange risks. In line with group policies, the company has mechanisms in place that seek to limit the impact of adverse effects of these risks on the financial performance of the company.

Credit risk

The company has implemented policies that require appropriate credit checks to be performed on potential customers before sales are made.

Liquidity risk

The company actively manages its finances to ensure that the company has sufficient funds available for its operations.

Interest rate cash flow risk

The company has a cash balance subject to floating interest rates. The directors keep this arrangement under constant review.

International Masters Publishers Limited

Directors' report for the year ended 31 August 2008 (continued)

Financial risk management (continued)

Foreign exchange risk

The company has foreign currency assets and liabilities. The company does not currently use financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied. The directors keep these measures under constant review.

Directors

The directors of the company during the year and up to the date of signing the financial statements were as follows:

AL Tönnesson (resigned 19/03/2008)
AM Tönnesson (appointed 19/03/2008)
J Hult (appointed 20/03/2008 and resigned 26/02/2009)

The directors have had the benefit of qualifying third party indemnity provisions for the purposes of section 309C of the Companies Act 1985 throughout the financial year.

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 those 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.

International Masters Publishers Limited

Directors' report for the year ended 31 August 2008 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

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.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'AM Tönnesson', with a long horizontal stroke extending to the right.

AM Tönnesson
22 June 2009

International Masters Publishers Limited

Independent auditors' report to the members of International Masters Publishers Limited

We have audited the financial statements of International Masters Publishers Limited for the year ended 31 August 2008 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 information given in the Directors' Report is consistent with the financial statements.

In addition we 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 August 2008 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

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Reading

25 June 2009

International Masters Publishers Limited

Profit and loss account for the year ended 31 August 2008

	Note	2008 £'000	2007 £'000
Turnover	3	3,372	3,497
Cost of sales		(903)	(514)
Gross profit		2,469	2,983
Distribution costs		(1,060)	(1,024)
Administrative expenses		(663)	(1,682)
Operating profit		746	277
Interest receivable and similar income	6	680	340
Interest payable and similar charges	7	(451)	(203)
Profit on ordinary activities before taxation	4	975	414
Tax on profit on ordinary activities	8	(93)	-
Retained profit for the financial year		882	414
Profit and loss account deficit brought forward		(36,895)	(37,309)
Profit and loss account deficit carried forward	16	(36,013)	(36,895)

All activities relate to continuing operations.

The company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

The notes on pages 7 to 15 form part of these financial statements.

International Masters Publishers Limited

Balance Sheet as at 31 August 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	9	51	49
		51	49
Current assets			
Stock	10	422	334
Debtors	11	8,890	10,815
Cash at bank and in hand		42	59
		9,354	11,208
Creditors – Amounts falling due within one year	12	(1,841)	(4,346)
Net current assets		7,513	6,862
Total assets less current liabilities		7,564	6,911
Provisions for liabilities and charges	13	(1,577)	(1,806)
Net assets		5,987	5,105
Capital and reserves			
Called up share capital	15	42,000	42,000
Profit and loss account – deficit	16	(36,013)	(36,895)
Total shareholders' funds	17	5,987	5,105

The financial statements on pages 5 to 15 were approved by the board of directors on 22 June 2009 and were signed on their behalf by:



AM Tönnesson

The notes on pages 7 to 15 form part of these financial statements.

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008

1 Accounting policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

a) Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and applicable accounting standards, and in accordance with the going concern concept.

b) Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers net of estimated allowances for returns and price protection. Estimates are made of potential future product returns relating to current period revenue based on historical experience, customer stock levels and changes in demand and acceptance of products by the end customers.

c) Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Exchange differences arising from currency conversions in the normal course of trading are dealt with in the profit and loss account in the year in which they arise.

d) Tangible fixed assets and depreciation

Tangible fixed assets include office furniture, office equipment and fixtures and fittings and are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis at rates calculated to write off the cost of fixed assets over their estimated useful lives. These rates range between 3 to 5 years.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

e) Stocks

Stocks consist of finished goods including promotional material or similar and are valued at the lower of cost and net realisable value. Promotional costs are expensed when the related promotional material is mailed.

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

f) Deferred taxation

Current taxation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and is not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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.

g) Pension costs

The company contributes to defined contribution schemes in respect of all staff. The company's contributions are charged to the profit and loss account as incurred.

h) Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

i) Provisions

The dilapidation provision represents management's estimate of the amount that will ultimately be incurred to restore leased properties to their original condition. The dilapidation provision represents the undiscounted obligation at the year end.

The onerous lease provision, which is not discounted, represents the sum of lease payments which the company is contractually bound to make in respect of properties it no longer utilises, less the sum of rental income from sub-tenants receivable over the remaining course of the leases.

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

2 Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of International Masters Publishers BV, a company incorporated in the Netherlands, which is also the parent undertaking of the smallest group to consolidate the financial statements of the Company. International Masters Publishers A/S, a company incorporated in Denmark, is the parent undertaking of the largest group to consolidate these financial statements.

The group accounts for International Masters Publishers A/S are publicly available (see note 21) and consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the group or investees of the group.

3 Turnover

	2008 £'000	2007 £'000
Geographical analysis:		
United Kingdom	3,372	3,497

Turnover and profit on ordinary activities before taxation of the company derive from one class of business.

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2008 £'000	2007 £'000
Staff costs		
- Wages and salaries	1,245	1,555
- Social security costs	169	170
- Pension costs	74	72
Services provided by the company's auditor		
- Fees payable for the audit	44	37
- Fees payable for other services	30	11
Depreciation of tangible fixed assets		
- Owned assets	33	41
Operating lease rentals - Buildings	668	668

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

Number of employees

The average number of persons employed by the company including executive directors during the year was 20 (2007: 18).

	2008 Number	2007 Number
By activity		
Publishing	7	7
Marketing	5	3
Administration	8	8
	20	18

5 Directors' emoluments

The directors did not receive any emoluments in connection with their services to the company (2007: £nil).

6 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable from external parties	353	155
Interest receivable from group undertakings	327	185
	680	340

7 Interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable on bank overdraft and loan repayable within five years	424	203
Interest payable to group undertakings	27	-
	451	203

8 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on profits of the year	93	-
Deferred tax:		
Total deferred tax (note 14)	-	-
Tax on profit on ordinary activities	93	-

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

Tax on profit on ordinary activities (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	975	414
Profit on ordinary activities multiplied by standard rate in the UK of 29.3% (2007: 30%)	285	124
Effects of:		
Expenses not deductible for tax purposes	5	(2)
Accelerated capital allowances and other timing differences not recognised	(10)	80
Use of group losses that has not been paid for	(10)	46
Use of brought forward trading losses not previously recognised	(187)	-
Current tax charge for the period	93	-

9 Tangible assets

	Office equipment £'000
Cost	
At 1 September 2007	340
Additions	35
At 31 August 2008	375
Accumulated depreciation	
At 1 September 2007	291
Charge for the year	33
At 31 August 2008	324
Net book amount	
At 31 August 2008	51
At 31 August 2007	49

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

10 Stocks

Stocks represent finished goods and promotional material for re-sale. There is no material difference between the amount at which stock is held in the balance sheet and its replacement cost.

11 Debtors

	2008 £'000	2007 £'000
Trade debtors	225	289
Amounts owed by other group undertakings	7,290	9,319
Other debtors	343	477
Prepayments	1,032	730
	8,890	10,815

Amounts due from other group undertakings are interest free and have no fixed repayment terms.

12 Creditors - amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft	152	-
Trade creditors	781	1,431
Amounts owed to other group undertakings	81	120
Taxation and social security	138	47
Accruals and deferred income	689	2,601
Other liabilities	-	147
	1,841	4,346

Amounts due to other group undertakings are interest bearing, unsecured and have no fixed repayment terms. The bank overdraft is secured by the assets of the Group.

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

13 Provisions for liabilities and charges

	Onerous lease commitment £'000	Dilapidations £'000	Total £'000
On 1 September 2007	1,556	825	2,381
Utilised during the year	(804)	-	(804)
	752	825	1,577

The company has onerous lease commitments on two premises Baker Street, which is partially occupied by the Company, and Winchester House which was vacated by the Company. Both properties are sub-leased to third parties. During the year a dilapidations provision of £825,000 (2007: £825,000) was recorded based on an estimate of the associated repair costs at the end of the property leases held by the company. The obligation is calculated based on an estimate of the cost of reinstating the properties at current costs.

14 Deferred tax

The potential deferred tax asset at 28% (2007: 30%) comprises:

	2008 £'000	2007 £'000
Depreciation in advance of capital allowances	422	424
Other timing differences	-	7
Trading losses	8,863	9,098
	9,285	9,529

Due to the directors' assessment of the uncertainty that sufficient taxable profits will arise in the future, the asset to be realised the asset has not been recognised.

15 Called up share capital

	2008 £'000	2007 £'000
Authorised		
42,000,000 (2007: 42,000,000) Ordinary shares of £1 each	42,000	42,000
Allotted, called up and fully paid		
42,000,000 (2007: 42,000,000) Ordinary shares of £1 each	42,000	42,000

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

16 Reserves

	Share capital	Profit and loss account – deficit	Shareholders' funds
	£'000	£'000	£'000
Balance as at 1 September 2007	42,000	(36,895)	5,105
Retained profit for the year	-	882	882
Balance as at 31 August 2008	42,000	(36,013)	5,987

17 Reconciliation of the movement in shareholders' funds

	2008 £'000	2007 £'000
Shareholders' funds at the beginning of the year	5,105	4,691
Profit for the year	882	414
Shareholders' fund at the end of the year	5,987	5,105

18 Operating lease commitments

The annual commitments under operating leases are as follows:

	2008 Office equipment £'000	2007 Office equipment £'000	2008 Buildings £'000	2007 Buildings £'000	2008 Total £'000	2007 Total £'000
Lease expiring:						
within 2 – 5 years	12	-	1,162	-	1,174	-
more than 5 years	-	-	-	1,162	-	1,162

19 Related party transactions

During the year, the company provided office and administration services to a related party, Fleur de Sante. AL Tönnesson and AM Tönnesson, directors of IMP Ltd during the year, have a shareholding in Fleur de Sante. Fleur de Sante was invoiced £157,000 (2007: £161,000) by the company and the balance outstanding at year end was £40,000 (2007: £51,000).

International Masters Publishers Limited

Notes to the financial statements for the year ending 31 August 2008 (continued)

20 Pension commitments

The company operates a defined contribution pension scheme. The assets of the company's defined contribution scheme are held in an independently administered fund. The pension costs charged to the profit and loss account amounted to £74,000 (2007: £72,000) and represent contributions paid by the company to the fund.

21 Parent companies

International Masters Publishers BV, a company incorporated in the Netherlands, is the parent undertaking of the smallest group to consolidate the financial statements of the company. International Masters Publishers A/S, a company incorporated in Denmark, is the parent undertaking of the largest group to consolidate these financial statements and is also considered by the directors of the company to be the ultimate parent company. Copies of the group accounts for International Masters Publishers A/S may be obtained from Regus House, Larsbjørnstræde 3, DK-1454 Copenhagen K, Denmark.

22 Post balance sheet event

On 4 May 2009, the directors signed a solvency statement in accordance with section 642 of the Companies Act 2006 in connection with the reduction of the issued share capital of the company from 42,000,000 ordinary shares of £1 each to 1,000,000 ordinary shares of £1 each. The £41,000,000 realised from this reduction was credited to the profit and loss account reserve, resulting in the deficit on this account becoming a surplus.

Subsequent to this, a dividend of £3,925,606 was paid to IMP AB, an intermediate holding company of IMP Limited, on 4 May 2009.