

# **METHUEN PUBLISHING LIMITED**

## **Annual report**

### **for the year ended 30 June 2007**

Registered no: 3543167

TUESDAY



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**Report of the directors  
for the year ended 30 June 2007**

The directors present their report and the financial statements for the year ended 30 June 2007.

**Principal activities**

The principal activity of the company is the publishing of books for sale in the UK and in the principal English speaking countries of the world.

**Review of business and future developments**

In the year to 30<sup>th</sup> June 2007, the company's trading was mixed. Revenue at £763,205 (2006\* - £664,716) was 14.8% up on the previous year but delays in cutting overheads resulted in a loss in the year of £17,907 (2006 – no accurate comparison available).

The company's publishing operations in 2007 were limited to fiction and non-fiction books on the General list. Following the sale of the Drama publishing business the company is now categorised as a small business and recovery from events of 2006 and 2007 will be slow. Size is a problem at a time when a handful of large publishers and book retailers are dominant and shortage of working capital is a serious drawback.

In preparing the 2007 accounts we discovered that sales returns of Methuen Drama titles to the value of £42,306 had been processed without our approval and charged to our company. Efforts are being made to recover this sum which may result in legal action.

**Dividends and transfer to reserves**

The directors do not propose the payment of a dividend on ordinary shares.

**Directors and their interests in shares of the company**

The directors of the company who held office during the period, together with their interests in the 'A' ordinary shares of £0.05 each in the company at 30 June 2007 and 30 June 2006 were as follows:

	30 June 2007 Number	30 June 2006 Number
	-	-
PE Tummons	79,180	79,180
	-	-

## **METHUEN PUBLISHING LIMITED**

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The directors do not hold any options to subscribe for shares in the company.

### **Employee Share Scheme**

On 29 June 2000, the company made a loan to the Methuen Publishing Limited Employee Share Scheme of £56,700. The share scheme then purchased 79,180 "A" ordinary shares of £0.05 each in the company. There are outstanding calls on these shares of £22,787.

### **Charitable and political donations**

The company did not make any charitable or political donations during the period.

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

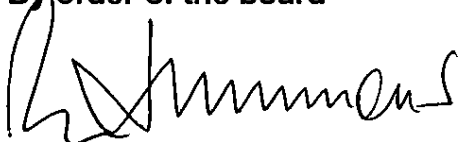
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2007 and that applicable accounting standards have been followed.

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.

**Auditors**

The company is a small company as defined by the Companies Act and is not obliged to appoint auditors.

**By order of the board**

A handwritten signature in black ink, appearing to read 'PE Tummons', written over a horizontal line.

**PE Tummons**  
**Director**  
**29 October 2009**

# **METHUEN PUBLISHING LIMITED**

## **Profit and loss account for the year ended 30 June 2007**

	Notes	2007 £	2006 £
Turnover	2	763,205	2,056,317
Cost of sales		<u>-317,520</u>	<u>-935,473</u>
Gross profit		445,685	1,120,844
Other operating expenses	4	<u>-405,658</u>	<u>-1,048,705</u>
Operating profit/(loss)	3	40,027	72,139
Amount written off investment	12	-50,000	0
Interest payable and similar charges	7	<u>-7,934</u>	<u>-30,209</u>
Profit/(loss) on ordinary activities before taxation		-17,907	41,930
Surplus on disposal of publishing rights	8	<u>0</u>	<u>1,043,176</u>
Profit/(loss) for the year before taxation		-17,907	1,085,106
Taxation	9	<u>0</u>	<u>-10,000</u>
Profit/(loss) for the year after taxation		-17,907	1,075,106
Appropriations - Dividends on 8% Preference Shares	10	0	-58,803
Profit/(loss) for the year		<u><u>-17,907</u></u>	<u><u>1,016,303</u></u>

**METHUEN PUBLISHING LIMITED**

**Balance sheet  
as at 30 June 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Intangible assets	10	42,200	42,200
Tangible assets	11	3,000	2,734
Investments	12	50,000	100,000
		<u>95,200</u>	<u>144,934</u>
<b>Current assets</b>			
Stocks	13	90,095	150,963
Debtors	14	391,282	592,646
Cash		-26,708	26,346
		<u>454,669</u>	<u>769,955</u>
<b>Creditors</b>	15	-508,008	-825,231
<b>Net current assets</b>		<u>-53,339</u>	<u>-55,276</u>
<b>Total assets less current liabilities</b>		<u>41,861</u>	<u>89,658</u>
<b>Net assets/(liabilities)</b>		<u><u>41,861</u></u>	<u><u>89,658</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	8,418	8,418
Share premium account	19	-	-
Deferred liabilities and charges	16	26,986	56,876
Profit and loss account	26	6,457	24,364
<b>Shareholders' funds</b>		<u><u>41,861</u></u>	<u><u>89,658</u></u>

The directors have taken advantage of the Companies Act 1985 in not having these accounts audited under Section 249A(1) (total exemption).

The directors have confirmed that no notice has been deposited under Section 249B(2) of the Companies Act 1985.

The directors have acknowledged their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985.

The directors have acknowledged their responsibilities for preparing accounts which give a true and fair view of the company and of its profit/loss (whichever is applicable) for the year then ended in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to this company.

The financial statements attached were approved on 29 October 2009 and were signed by:

**P E Tummons  
Director**



## 2 Turnover

An analysis of turnover by destination is given below:

	2007 £	2006 £
United Kingdom	662,443	1,650,922
Rest of Europe	13,182	49,680
USA	66,962	223,948
Rest of World	20,618	131,767
	<u>763,205</u>	<u>2,056,317</u>

An analysis of turnover by class of business is given below:

	2007 £	2006 £
Sales of publications	713,139	1,870,151
Other sales	50,066	186,166
	<u>763,205</u>	<u>2,056,317</u>

## 3 Operating Profit

	2007 £	2006 £
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	3,734	2,700
Amortisation of goodwill	-	-
Operating lease charges - land and buildings	42,000	42,000
Auditors' remuneration	-	-
	<u>-</u>	<u>-</u>

## 4 Other operating expenses

	2007 £	2006 £
Distribution, selling costs	140,956	318,304
Administration expenses	264,702	730,401
	<u>405,658</u>	<u>1,048,705</u>

## 5 Directors' emoluments

	2007 £	2006 £
Aggregate emoluments	0	55,000
Consideration paid to a third party for services as a Director	0	4,000
	<u>0</u>	<u>59,000</u>

## 6 Employee information

	2007 Number	2006 Number
By activity		
Editorial and selling	4	6
Administration	1	2
	<u>5</u>	<u>8</u>

Staff costs for the above were:

	£	£
Wages and salaries	143,725	282,900
Social security costs	13,715	23,054
	<u>157,440</u>	<u>305,954</u>

7	Interest payable and similar charges	2007 £	2006 £	
	Loan stock interest payable	-	-	
	Bank interest payable	391	5,078	
	Bank charges	5,263	7,485	
	Other interest	2,280	17,646	
		<u>7,934</u>	<u>30,209</u>	
8	Surplus on disposal of business	2007 £	2006 £	
	Purchase consideration	- 2,350,000		
	Goodwill	- -940,416		
	Stock	- -306,000		
	Authors' advances	- -32,787		
	Legal fees	- -27,621		
		<u>- 1,043,176</u>		
9	Taxation	2007 £	2006 £	
	Charge for the year based on ordinary activities	-	-	
	Total tax on ordinary activities	<u>-</u>	<u>-</u>	
10	Intangible fixed assets			
	Goodwill			
	Cost brought forward at 1 July 2006		<u>1,497,680</u>	
	Amortisation			
	As at 1 July 2006		1,455,480	
	Charge for the year		-	
	Disposal		-	
			<u>1,455,480</u>	
	Net book amount at 30 June 2007		<u>42,200</u>	
	Net book amount at 30 June 2006		<u>42,200</u>	
11	Tangible fixed assets	Office Equipment	Furniture & Fittings	Total
		£	£	£
	Cost			
	At 1 July 2006	96,831	22,798	119,629
	Additions	4,000	-	4,000
	At 30 June 2007	<u>100,831</u>	<u>22,798</u>	<u>123,629</u>
	Depreciation			
	At 1 July 2006	94,097	22,798	116,895
	Charge for the year	3,734	-	3,734
	At 30 June 2007	<u>97,831</u>	<u>22,798</u>	<u>120,629</u>
	Net book amount at 30 June 2007	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	Net book amount at 30 June 2006	2,734	-	2,734



**12 Investments**Investments in Subsidiary  
Undertakings  
£

Investments at 1 July 2006	100,000
Amounts written off in year	50,000
At 30 June 2007	<u>50,000</u>

The investments represent ownership of 100% ordinary shares in Politico's Publishing Limited and Westminster Bookshops Limited, companies incorporated in England.

**13 Stocks**

	2007 £	2006 £
Work in progress	6,807	10,010
Books for resale	83,288	140,953
	<u>90,095</u>	<u>150,963</u>

**14 Debtors**

	2007 £	2006 £
Trade debtors	175,716	290,428
Amounts owed by group undertakings	143,804	173,480
Other debtors	10,295	50,754
Prepayments	38,680	55,197
Called up share capital not paid	22,787	22,787
	<u>391,282</u>	<u>592,646</u>

**15 Creditors**

	2007 £	2006 £
Loan notes and bank overdraft	-	-
Trade creditors	296,892	498,701
Other taxation and social security payable	11,008	14,249
Other creditors	169,285	287,634
Accruals and deferred income	30,823	24,647
	<u>508,008</u>	<u>825,231</u>

	2007 £	2006 £
Bank overdraft	26,708	-
Loan notes	-	-
Redemption premium on Loan Notes	-	-
	<u>26,708</u>	<u>-</u>

The bank overdraft was secured by an unscheduled mortgage debenture dated 24 July 1998 incorporating a fixed and floating charge over all current and future assets of the company.

**16 Deferred liabilities and charges**

	Provision for sales returns £
At 1 July 2006	56,876
Release to profit and loss account	-29,890
At 30 June 2007	<u>26,986</u>

**17 Loans and other borrowings**

**Maturity of debt**

	2007 £	2006 £
Due within one year or less		-
Loan from The Book Service Ltd secured against sales debtors	25,000	200,000
	<u>25,000</u>	<u>200,000</u>

**18 Called up share capital**

	2007 Number	2007 £	2006 Number	2006 £
<b>Authorised</b>				
'A' ordinary shares of £0.05 each	168,360	8,418	168,360	8,418
'B' ordinary shares of £0.05 each	238,307	11,915	238,307	11,915
'C' ordinary shares of £0.05 each	100	5	100	5
Preference shares of £1.00 each	323,530	323,530	323,530	323,530
	<u>730,297</u>	<u>343,868</u>	<u>730,297</u>	<u>343,868</u>
<b>Allotted, called up and paid</b>				
'A' ordinary shares of £0.05 each	145,573	7,279	145,573	7,279
'B' ordinary shares of £0.05 each	-	-	-	-
'C' ordinary shares of £0.05 each	-	-	-	-
Preference shares of £1.00 each	-	-	-	-
	<u>145,573</u>	<u>7,279</u>	<u>145,573</u>	<u>7,279</u>
<b>Allotted, called up and paid</b>				
'A' ordinary shares of £0.05 each	22,787	1,139	22,787	1,139
'B' ordinary shares of £0.05 each	-	-	-	-
'C' ordinary shares of £0.05 each	-	-	-	-
Preference shares of £1.00 each	-	-	-	-
	<u>22,787</u>	<u>1,139</u>	<u>22,787</u>	<u>1,139</u>
	<u>168,360</u>	<u>8,418</u>	<u>168,360</u>	<u>8,418</u>

The 8 per cent cumulative preference shares, which carried no voting rights were issued in July 1998 at £1.00 per share and redeemed in June 2006 at par together with a premium of 30 per cent.

On 25 May 2006 Ms D M Cruikshanks exercised an option to purchase a further 14,640 'B' ordinary shares at 10 pence per share and brought her holding to 43,920 'B' ordinary shares.

**18 Called up share capital - continued**

On 25 May 2006 the company passed a special resolution to approve a buy back of 43,920 'B' ordinary shares held by Ms D M Cruikshanks, 168,360 'B' ordinary shares held by Quester VCT Plc and 100 'C' ordinary shares held by Quester VCT Plc.

The price per share at which the buy back was exercised was £1.8497. Accordingly Ms D M Cruikshanks was paid £81,239.00 on 5 June 2006 and Quester VCT Plc was paid £311,600.00 on 6 June 2006.

**19 Share premium account and reserves**

	Share premium account	Profit & loss account
	£	£
At 1 July 2006	-	24,364
Profit/(loss) for the year		-12,707
Premium on 14,640 'B' ordinary shares of £0.05 issued at 10 pence per share	-	-
	-	11,657
At 30 June 2007	-	11,657

Investment in own shares represents 79,180 'A' ordinary shares of £0.05 each in the capital of the company held by Methuen Publishing Limited Employee Share Scheme. It also includes sundry cash funds of £307.

**20 Reconciliation of movements in shareholders' funds/(deficit)**

	2007 £	2006 £
Profit/(loss) for the financial period after taxation	-17,907	1,075,106
Issued share capital - 'B' ordinary shares		732
Share premium		732
Share premium account		48,144
Buy back of 'B' ordinary shares		-81,240
Buy back of 'B' ordinary shares		-311,415
Buy back of 'C' ordinary shares		-185
Redemption of preference shares		-100,000
Premium on redemption of preference shares		-30,000
Preference share dividend appropriation		-58,803
Deferred liabilities and charges	-29,890	
<b>Net addition/(deduction) from shareholders' funds</b>	<b>-47,797</b>	<b>543,071</b>
<b>Opening shareholders' funds/(deficit)</b>	<b>89,658</b>	<b>-453,413</b>
<b>Closing shareholders' funds/(deficit)</b>	<b>41,861</b>	<b>89,658</b>

**21 Financial commitments**

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007 £	2006 £
<b>Land and buildings</b>		
Expiring within one year	42,000	42,000

**22 Deferred taxation**

The total potential liability/(asset) of deferred taxation is not considered material.

**23 Related party transactions**

Included in debtors is an amount of £22,787 (2006: £22,787) representing unpaid calls on 79,180 'B' ordinary shares due from the MESS.

The amounts owed by group undertakings included in debtors of £143,804 relate to amounts owed by Politico's Publishing Limited and Westminster Bookshops Limited, both wholly owned subsidiaries. That of the former was extinguished in 2008 and of the latter much reduced in 2008.