
CATERPILLAR BOOKS LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



CATERPILLAR BOOKS LTD

COMPANY INFORMATION

Directors	M S Bhatia A S Bhatia
Company secretary	N S Bhatia
Registered number	04642292
Registered office	1 The Coda Centre 189 Munster Road Fulham London SW6 6AW
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

CATERPILLAR BOOKS LTD

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The Directors who served during the year were:

M S Bhatia

A S Bhatia

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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.

Results and dividends

The profit for the year, after taxation, amounted to £655,000 (2017 - £689,000).

The Directors do not propose the payment of a dividend (2017 - £Nil).

Brexit

The imminent departure of the United Kingdom from the European Union will impact the Company, but not in a significant way. Staff recruitment will very likely become more difficult and there may be additional administrative burdens to carry, but most of the Group's sales into the EU are imported from third countries and already have to pass through the EU's customs border.

CATERPILLAR BOOKS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure 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 the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Note

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

The Directors have also taken advantage of the small companies exemption from preparing a strategic report provided by Section 414B(a) of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



A S Bhatia
Director

Date:

07/03/19

CATERPILLAR BOOKS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATERPILLAR BOOKS LTD

Opinion

We have audited the financial statements of Caterpillar Books Ltd (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union, currently due to occur on 29 March 2019, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATERPILLAR BOOKS LTD

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.
- 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 and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATERPILLAR BOOKS LTD

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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.



Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 8 March 2019

CATERPILLAR BOOKS LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	5,540	4,275
Cost of sales		(3,255)	(2,288)
Gross profit		2,285	1,987
Distribution costs		(215)	(203)
Administrative expenses		(1,265)	(931)
Operating profit	5	805	853
Taxation on profit on ordinary activities	7	(150)	(164)
Profit for the financial year and total comprehensive income		655	689

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017 - NIL).

The notes on pages 9 to 21 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	8	-	-
		-	-
Current assets			
Stocks	9	750	694
Debtors: amounts falling due within one year	10	2,104	1,866
Cash and cash equivalents	11	1,226	991
		4,080	3,551
Creditors: amounts falling due within one year	12	(1,774)	(1,900)
Net current assets		2,306	1,651
Total assets less current liabilities		2,306	1,651
Net assets		2,306	1,651
Capital and reserves			
Profit and loss account	14	2,306	1,651
		2,306	1,651

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A S Bhatia
Director

Date: 07/03/19

The notes on pages 9 to 21 form part of these financial statements.

CATERPILLAR BOOKS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	-	962	962
Comprehensive income for the year			
Profit for the year	-	689	689
Total comprehensive income for the year	-	689	689
At 1 January 2018	-	1,651	1,651
Comprehensive income for the year			
Profit for the year	-	655	655
Total comprehensive income for the year	-	655	655
At 31 December 2018	-	2,306	2,306

The notes on pages 9 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Caterpillar Books Ltd is a private Company limited by shares incorporated and registered in England and Wales. The address of its registered office and principal place of business is 1 The Coda Centre, 189 Munster Road, London, SW6 6AW. Company number 04642292.

The principal activity of the Company is the publication of children's books.

The financial statements are presented in Sterling, which is also the functional currency of the Company and are presented in round thousands.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Little Tiger Group Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

2.3 Going concern

These financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Royalty income

Royalty advances are recognised at the point at which the amounts become contractually due. Earned royalties are recognised upon receipt of a royalty statement from the licensee confirming amounts to be paid.

2.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- Over notional period of lease
Office equipment	- Over remaining period of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Depreciation is charged in administrative expenses in the Statement of comprehensive income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Provision for sales returns

Certain sales are made on a sale or return basis, hence at any point there is an unknown liability for sales credits. A provision has been estimated based on historical rates of return and is recorded as a deduction against trade debtors.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the accounting policies, the Directors have made critical accounting judgements, estimates and assumptions about the carrying amount of the assets and liabilities. These estimates and assumptions are based on historical experience and are reviewed on a continual basis.

The critical accounting judgements, estimates and assumptions that have a material effect on the amounts recognised in the financial statements for both the current and next financial years are discussed below.

Returns provision

Returns provision are estimated by reference to historical returns rates, levels of recent sales, known factors concerning product sell through and customer stock levels.

Stock provision

Stock provision is computed by reference to the age of the stock and recent sales patterns.

Bad debt provision

Bad debts are provided by reference to the age of the debts, previous experience of recoverability and known factors concerning the solvency of individual customers.

Depreciation

Depreciation is provided by reference to the age and condition of the assets concerned and estimated future use.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Sale of goods	5,462	4,218
Royalties received	78	57
	<u>5,540</u>	<u>4,275</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	688	675
Rest of the world	4,852	3,600
	<u>5,540</u>	<u>4,275</u>

CATERPILLAR BOOKS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Operating profit

The operating profit is stated after charging/(crediting):

	2018	2017
	£000	£000
Exchange differences	(54)	60
Defined contribution pension cost	9	12
	<u> </u>	<u> </u>

The group audit fee is borne by the fellow subsidiary Little Tiger Press Limited.

6. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	340	292
Social security costs	24	30
Cost of defined contribution scheme	9	12
	<u> </u>	<u> </u>
	<u>373</u>	<u>334</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018	2017
	No.	No.
Sales and marketing	1	1
Editorial and production	9	8
	<u> </u>	<u> </u>
	<u>10</u>	<u>9</u>

During the year, the Directors received £Nil emoluments (2017: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	148	157
Adjustments in respect of previous periods	(4)	-
Foreign tax		
Foreign tax on income for the year	6	5
Foreign tax in respect of prior periods	-	2
	<u>6</u>	<u>7</u>
Total current tax	<u>150</u>	<u>164</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%) as set out below:

	2018 £000	2017 £000
Profit/(loss) on ordinary activities before tax	<u>805</u>	<u>853</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	153	164
Effects of:		
Adjustments to tax charge in respect of prior periods	(4)	-
Foreign tax on income	6	7
Other differences leading to an increase (decrease) in the tax charge	<u>(5)</u>	<u>(7)</u>
Total tax charge/(credit) for the year	<u>150</u>	<u>164</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted in September 2016.

CATERPILLAR BOOKS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Tangible fixed assets

	Fixed assets £000
Cost or valuation	
At 1 January 2018	102
At 31 December 2018	<u>102</u>
Depreciation	
At 1 January 2018	102
At 31 December 2018	<u>102</u>
Net book value	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

9. Stocks

	2018 £000	2017 £000
Work in progress	158	160
Finished goods and goods for resale	592	534
	<u>750</u>	<u>694</u>

Stock recognised in cost of sales during the year as an expense was £2,905,000 (2017: £2,105,000).

CATERPILLAR BOOKS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Debtors

	2018 £000	2017 £000
Trade debtors	1,303	1,267
Amounts owed by group undertakings	553	253
Amounts owed by related parties	17	142
Other debtors, prepayments and accrued income	231	199
Tax recoverable	-	5
	<u>2,104</u>	<u>1,866</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	1,226	991
	<u>1,226</u>	<u>991</u>

12. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Payments received on account	131	346
Trade creditors	1,196	991
Amounts owed to group undertakings	-	199
Amounts owed to related parties	209	151
Corporation tax	144	162
Other taxation and social security	8	7
Other creditors, accruals and deferred income	86	44
	<u>1,774</u>	<u>1,900</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

CATERPILLAR BOOKS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Share capital

	2018	2017
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

The ordinary shares carry one voting right per share and no fixed income.

14. Reserves**Profit and loss account**

The profit and loss account represents cumulative profits and losses of the Company.

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £9,000 (2017: £12,000). Contributions totalling £Nil (2017: £Nil) were payable to the fund at the reporting date.

16. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£000	£000
Not later than 1 year	191	142
Later than 1 year and not later than 5 years	331	6
	<u>522</u>	<u>148</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Related party transactions

Group undertakings (majority owned)

Caterpillar Books Ltd made purchases of £455,000 (2017: £190,000) from Little Tiger Press Limited during the year, the whole of which related to management fees. At the year end, a trade debtor of £559,000 (2017: £253,000) owed from a third party stock holder is being held by Little Tiger Press Limited on behalf of Caterpillar Books Limited. At the year end, £553,000 was owed from (2017: £253,000 owed from) Little Tiger Press Limited.

Other related parties (common Directorships)

Included within creditors is £207,000 (2017: £149,000) owed to LTP Sales & Marketing Inc. During the year there were sales commission recharges totalling £48,000 (2017: £51,000). LTP Sales & Marketing Inc is a related party under common directorship.

At year end, included within debtors is a balance of £17,000 (2017: £142,000) owed by 360 Grad Verlag GmbH. During the year they made books sales of £192,000 (2017: £142,000). 360 Grad Verlag GmbH is a related party under common directorship.

Included within creditors is £2,000 (2017: £2,000) owed to Magi Design Limited.

18. Controlling party

The immediate and ultimate parent Company is Little Tiger Group Limited, a company incorporated in England and Wales. The registered address of Little Tiger Group Limited is 1 The Coda Centre, 189 Munster Road, Fulham, London, SW6 6AW.

The ultimate controlling party by virtue of their majority shareholdings in Little Tiger Group Limited are the Directors. Little Tiger Group Limited is the smallest and largest group the Company is consolidated in, and consolidated accounts are available from Companies House.