

BOOKSOURCE LIMITED
COMPANY NUMBER: 5167419

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2008

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BOOKSOURCE LIMITED

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2008

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BOOKSOURCE LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS: Nicholas Croydon
Clive Goss

**SECRETARY AND
REGISTERED OFFICE:** MoFo Secretaries Limited
Citypoint
1 Ropemaker Street
London
EC2Y 9AW

AUDITORS: Horwath Bastow Charleton
Chartered Accountants and Registered Auditors
Marine House
Clanwilliam Court
Dublin 2
Ireland

BANKERS: Bank of Scotland
14-16 Cockspur Street
London
SW1Y 5BL

REGISTERED NUMBER: 5167419
(Registered in England)

SOLICITORS: Morrison & Foerster
Citypoint
1 Ropemaker Street
London
EC2Y 9AW

BOOKSOURCE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 APRIL 2008

The directors submit their report together with the audited financial statements for the year ended 30 April 2008.

DIRECTORS RESPONSIBILITIES

The directors are responsible for the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in England and Wales (Generally Accepted Accounting Practice in the United Kingdom). The directors are also required to prepare the financial statements on a going concern basis which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year. In preparing the financial statements, the directors are required to select suitable accounting policies and then apply them consistently and to make judgements and estimates that are reasonable and prudent. The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. To ensure that proper books and accounting records are kept, the company has employed appropriately qualified personnel and has maintained computerised accounting systems. The books of account are located at Sky House, Raans Road, Amersham, Bucks, HP6 6JQ. The directors 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.

BUSINESS REVIEW AND FUTURE ACTIVITIES

The principal activity of the company is that of wholesale book selling.

Future plans are for further expansion of the company and to identify and exploit additional market opportunities in the retail sector.

RESULTS, DIVIDENDS AND RETENTIONS

	Year ended 30 April 2008	Period ended 30 April 2007
	£	£
The results and appropriations are summarised as follows:		
Profit for the year, after taxation	41,980	22,868
Balance at beginning of year	50,298	64,157
	<hr/>	<hr/>
	92,278	87,025
Dividends	(24,100)	(36,727)
	<hr/>	<hr/>
Balance at end of year	68,178	50,298
	<hr/>	<hr/>

The directors have paid an interim dividend amounting to £24,100 (2007: £36,727) to Angus Campbell. The directors do not recommend the payment of a final dividend.

GROUP STRUCTURE

75% of the share capital of Booksource Limited is owned by Columbia Marketing Limited, a company incorporated in the United Kingdom. Columbia Marketing Limited is a wholly owned subsidiary of Three C Publishing Limited, a company also incorporated in the United Kingdom.

BOOKSOURCE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 APRIL 2008

DIRECTORS

The present membership of the board is set out on page 2.

The present directors and secretary held the following beneficial interest in the share capital of the company at the balance sheet dates.

	Ordinary shares of £1 each:	
	2008	2007
Nicholas Croydon	-	-
Angus Campbell	25	25
	<u>25</u>	<u>25</u>

The directors and secretary held the following shares in the ultimate holding company, Three C Publishing Limited, at the balance sheet date:

	Ordinary shares of £1 each:	
	2008	2007
Nicholas Croydon	53,000	53,000
Angus Campbell	-	-
	<u>53,000</u>	<u>53,000</u>

AUDITORS

Horwath Bastow Charleton are eligible and have expressed their willingness to continue in office in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Director

Date: 3 December 2008

BOOKSOURCE LIMITED

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF BOOKSOURCE LIMITED

We have audited the financial statements of Booksource Limited pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act, 1985. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

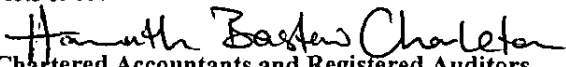
BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts 1985.


Chartered Accountants and Registered Auditors

Marine House
Clanwilliam Court
Dublin 2
Ireland

Date: 4 December 2008

BOOKSOURCE LIMITED

STATEMENT OF ACCOUNTING POLICIES

The following accounting policies are applied consistently in dealing with items which are considered material in relation to the company's financial statements.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, excluding value added tax.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation.

Depreciation is provided on all tangible assets, so as to write off the cost or valuation less estimated residual value of each asset over its expected useful economic life at the following annual rates:

Plant and machinery	-	25% reducing balance
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STOCKS

Stocks are stated at the lower of cost and net realisable, after making due allowance for obsolete and slow moving items. Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition.

Net realisable value is the actual or estimated selling price net of trade discounts, less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements. Deferred tax is measured on a non-discounted basis.

BOOKSOURCE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2008**

	Note	Year ended 30 April 2008 £	Period ended 30 April 2007 £
TURNOVER	1	406,945	825,761
COST OF SALES		(306,961)	(675,271)
GROSS PROFIT		99,984	150,490
ADMINISTRATIVE EXPENSES		(46,669)	(125,105)
OPERATING PROFIT	2	53,315	25,385
BANK INTEREST RECEIVABLE		1,085	3,724
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		54,400	29,109
TAXATION	4	(12,420)	(6,241)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	41,980	22,868

All of the turnover and results arise from continuing operations. The company has no recognised gains or losses other than the profit for the year which has been calculated on an historical cost basis.

BOOKSOURCE LIMITED**BALANCE SHEET AS AT 30 APRIL 2008**

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	386	514
CURRENT ASSETS			
Stocks	7	4,320	5,535
Debtors	8	107,617	147,120
Cash at bank and on hand		17,142	73,491
		129,079	226,146
CREDITORS (Amounts falling due within one year)	9	(61,187)	(176,262)
NET CURRENT ASSETS		67,892	49,884
TOTAL NET ASSETS		68,278	50,398
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	68,178	50,298
SHAREHOLDERS' FUNDS		68,278	50,398

The financial statements were approved and authorised for issue by the board of directors on 3 December 2008 and signed on its behalf by:



Director

BOOKSOURCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2008

1. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.
All of the turnover arose from activities carried on in the UK.

2. OPERATING PROFIT

Operating profit is stated after charging:

	Year ended 30 April 2008	Period ended 30 April 2007
	£	£
Director's emoluments		
Remuneration	41,798	60,404
Depreciation of tangible assets	128	172
Auditors' remuneration	4,070	4,075
	<u>41,798</u>	<u>60,404</u>

3. STAFF AND STAFF COSTS

The average number of persons (including executive directors) employed during the financial period was 1 (2007: 1).

The aggregate amounts paid to or on behalf of staff are as follows:

	Year ended 30 April 2008	Period ended 30 April 2007
	£	£
Wages and salaries	37,500	54,166
Social security costs	4,298	6,238
	<u>41,798</u>	<u>60,404</u>

BOOKSOURCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 APRIL 2008****4. TAXATION**

	Year ended 30 April 2008 £	Period ended 30 April 2007 £
Based on profit for the period:		
Corporation tax @ 30%/28% (2007: 19%)	13,026	5,531
Corporation tax (over)/underprovided in prior periods	(606)	710
	<u>12,420</u>	<u>6,241</u>
Factors affecting current tax charge:	2008	2007
	£	£
Profit on ordinary activities before tax	<u>54,400</u>	<u>29,109</u>
Profit on ordinary activities at 30%/28% (2007: 19%)	16,211	5,531
Capital allowances less than depreciation	58	-
Marginal relief	(3,243)	-
Total tax charge	<u>13,026</u>	<u>5,531</u>
 The movement in corporation tax for the period are as follows:	2008	2007
	£	£
Balance at the beginning of the year/period	13,295	7,764
Corporation tax charge for the year/period	12,420	5,531
Tax paid in the period	(7,128)	-
Balance at the end of the year/period (Note 9)	<u>18,587</u>	<u>13,295</u>

5. DIVIDENDS

	2008 £	2007 £
Interim dividend paid on ordinary shares (£964 per share)	<u>24,100</u>	<u>36,727</u>

BOOKSOURCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 APRIL 2008****6. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Total £
COST		
At 30 April 2007 and 30 April 2008	<u>1,000</u>	<u>1,000</u>
DEPRECIATION		
At 1 May 2007	486	486
Charge for the year	<u>128</u>	<u>128</u>
At 30 April 2008	<u>614</u>	<u>614</u>
NET BOOK VALUE		
At 30 April 2008	<u>386</u>	<u>386</u>
At 30 April 2007	<u>514</u>	<u>514</u>

7. STOCKS

	2008 £	2007 £
Stocks of books	<u>4,320</u>	<u>5,535</u>

8. DEBTORS

	2008 £	2007 £
Trade debtors	42,597	82,100
Amounts owed by a group undertaking (Note 12)	30,000	30,000
Amount owed by a related party (Note 12)	<u>35,020</u>	<u>35,020</u>
	<u>107,617</u>	<u>147,120</u>

BOOKSOURCE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 APRIL 2008****9. CREDITORS (amounts falling due within one year)**

	2008	2007
	£	£
Trade creditors	234	67,175
Amounts owed to a group undertaking (Note 12)	20,625	88,311
Corporation tax (Note 4)	18,587	13,295
Payroll taxation and social security	-	1,732
Value added tax	-	1,249
Accruals	21,741	4,500
	<u>61,187</u>	<u>176,262</u>

10. CALLED UP SHARE CAPITAL

	2008	2007
	£	£
Ordinary shares of £1 each:		
Authorised (100 Shares)	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid (100 Shares)	<u>100</u>	<u>100</u>

11. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance at beginning of year/period	50,298	64,157
Profit for the financial year/period	41,980	22,868
Dividends paid (note 5)	(24,100)	(36,727)
Balance at end of year/period	<u>68,178</u>	<u>50,298</u>

BOOKSOURCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2008

12. RELATED PARTY TRANSACTIONS

12.1 TRANSACTIONS WITH GROUP UNDERTAKINGS

During the year the company purchased books with a value of £111,010 (2007:£433,808) from its immediate parent company, Columbia Marketing Limited. Columbia Marketing Limited charged £13,044 (2007:£26,000) to the company in respect of administration costs. The company sold books amounting to £40,740 (2007:£64,030) to Columbia Marketing Limited and paid £151,000 (2007:£54,180) to Columbia Marketing Limited during the year. The net amount due at the year end was £20,265 (2007:£88,311).

The company had advanced £30,000 to Three C Publishing Limited during the period ended 30 April 2007. Three C Publishing Limited is the ultimate parent company. The amount owed at year end was £30,000 (2007: £30,000).

12.2 TRANSACTIONS WITH RELATED PARTIES

The company had advanced £35,020 to Bookthrift Limited during the period ended 30 April 2007. The amount outstanding at the year end was £35,020 (2007: £35,020). Bookthrift Limited is related due to commonality of directors.

13. CONTROLLING INTEREST

In the opinion of the directors, the ultimate parent company is controlled by Nicholas Croydon who controls 53% of the issued share capital of the ultimate parent company.

14. ACCOUNTING PERIOD

The accounting period is for year 1 May 2007 to 30 April 2008, while the comparative figures relate to the thirteen month period from 1 April 2006 to 30 April 2007.