CAPSTONE GLOBAL LIBRARY LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 PAGES FOR FILING WITH REGISTRAR

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BALANCE SHEET AS AT 31 DECEMBER 2017

		20	2017		2016	
	Notes	£	£	£	£	
Fixed assets						
Intangible assets	3		-		45,108	
Tangible assets	4		59,235		30,200	
Current assets						
Stocks		994,542		913,138		
Debtors	5	888,152		1,038,483		
Cash at bank and in hand		192,181		359,570		
		2,074,875		2,311,191		
Creditors: amounts falling due within one year	6	(535,920)		(502,632)		
,	_					
Net current assets			1,538,955		1,808,559	
Total assets less current liabilities			1,598,190		1,883,867	
Creditors: amounts falling due after	7		(822.027)		(244 E24)	
more than one year	,		(822,027)		(341,531)	
Net assets			776,163		1,542,336	
1101 433013			=====		=====	
Capital and reserves						
Called up share capital	8		100		100	
Other reserves	•		8,738,435		8,738,435	
Profit and loss reserves			(7,962,372)		(7,196,199)	
Total equity			776,163		1,542,336	
•						

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 3...Moy...2018 and are signed on its behalf by:

Mr R Coughlan

Director

Company Registration No. 06695582

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Capstone Global Library Limited is a private company limited by shares incorporated in England and Wales. The registered office is 264 Banbury Road, Oxford, OX2 7DY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company incurred a net loss during the year ended 31 December 2017. The company is reliant on continued support from its parent company.

After making enquiries and considering the uncertainties, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Revenue from the sale of books is recognised when the significant risks and rewards of ownership of the books have passed to the buyer (usually on dispatch of the books), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Pre-publication costs

Publication costs include one time expenses associated with developing and producing new or revised book publications, which include editorial expenses, author fees, prepress, photograph expenses, title right charges, royalty fees and any other costs incurred up to completion of the publication. Pre-publication costs are amortised over a three-year period, which approximates the lives of the related book publications, using a straight line method, which approximates the estimated sales cycle of the related books.

Disposals represent pre-publication costs of titles which are no longer in print.

Amortisation charges in respect of pre-publication costs are accounted for as a direct cost of sale.

Costs incurred in the UK but relating to future US title revenue streams are charged to the intercompany account on a monthly basis.

Pre-publication costs

3 years straight line

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Equipment

1 - 10 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.11 Foreign exchange

Assets, liabilities and transactions in foreign currencies are principally held between group companies and are translated into sterling at the rates agreed and fixed between group companies. The exchange rates agreed and fixed between the group companies are linked with published exchange rates. Exchange differences are taken into account in arriving at the operating profit.

1.12 Royalty advances

Advances of royalties to authors are included within trade debtors when the advance is paid, less any provision required to adjust the advance to its net realisable value.

1.13 Product development allocations

The UK company does not incur any direct Product development spend on new publishing lines. Content is licensed from the US parent company on an Intercompany royalty basis.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 23 (2016 - 31).

3 Intangible fixed assets

	Other £
Cost	
At 1 January 2017	1,705,621
Disposals	(422,923)
At 31 December 2017	1,282,698
Amortisation and impairment	
At 1 January 2017	1,660,514
Amortisation charged for the year	45,107
Disposals	(422,923)
At 31 December 2017	1,282,698
Carrying amount	
At 31 December 2017	-
	
At 31 December 2016	45,108
	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4	Tangible fixed assets		Equipment
	Cost		£
	At 1 January 2017		129,390
	Additions		52,445
	Disposals		(48,857)
	At 31 December 2017		132,978
	Depreciation and impairment		
	At 1 January 2017		99,191
	Depreciation charged in the year		23,409
	Eliminated in respect of disposals		. (48,857) ————
	At 31 December 2017		73,743
	Carrying amount		<u></u>
	At 31 December 2017		59,235
	At 31 December 2016		30,200
5	Debtors		
	Amounts falling due within one year:	2017 £	2016 £
	T. 1. 1.1.		
	Trade debtors	737,339	865,526
	Other debtors	150,813 —————	172,957
		888,152 ————	1,038,483
6	Creditors: amounts falling due within one year		
	,	2017	2016
		£	£
	Trade creditors	235,516	128,660
	Other creditors	300,404	373,972
		535,920	502,632
7	Creditors: amounts falling due after more than one year		
	•	2017	2016
		£	£
	Parent undertaking	822,027	341,531

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8	Called up share capital	2017 £	2016 £
	Ordinary share capital Issued and fully paid		
	100 Ordinary shares of £1 each	100	100
	•	100	100

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Lorna Watson.

The auditor was Shaw Gibbs Limited.

10 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

£
387,828
387,828