

Company Registration No. 06695582 (England and Wales)

CAPSTONE GLOBAL LIBRARY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

CAPSTONE GLOBAL LIBRARY LIMITED

CONTENTS

	Page
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 10

CAPSTONE GLOBAL LIBRARY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	5		-		2,734
Current assets					
Stocks		434,772		662,510	
Debtors	6	570,470		509,434	
Cash at bank and in hand		996,205		798,976	
		<u>2,001,447</u>		<u>1,970,920</u>	
Creditors: amounts falling due within one year	7	<u>(443,284)</u>		<u>(410,847)</u>	
Net current assets			1,558,163		1,560,073
Total assets less current liabilities			<u>1,558,163</u>		<u>1,562,807</u>
Creditors: amounts falling due after more than one year	8		<u>(844,033)</u>		<u>(771,339)</u>
Net assets			<u>714,130</u>		<u>791,468</u>
Capital and reserves					
Called up share capital	9		100		100
Other reserves			8,738,435		8,738,435
Profit and loss reserves			<u>(8,024,405)</u>		<u>(7,947,067)</u>
Total equity			<u>714,130</u>		<u>791,468</u>

The director of the company has 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 and signed by the director and authorised for issue on 3 May 2022

Mr R Coughlan
Director

Company Registration No. 06695582

CAPSTONE GLOBAL LIBRARY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Capital contribution	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2020	100	8,738,435	(7,836,207)	902,328
Year ended 31 December 2020:				
Loss for the year	-	-	(110,865)	(110,865)
Other comprehensive income:				
Total comprehensive income for the year	-	-	(110,865)	(110,865)
Balance at 31 December 2020	100	8,738,435	(7,947,067)	791,468
Year ended 31 December 2021:				
Loss for the year	-	-	(77,340)	(77,340)
Other comprehensive income:				
Total comprehensive income for the year	-	-	(77,340)	(77,340)
Balance at 31 December 2021	100	8,738,435	(8,024,405)	714,130

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 is reliant on continued support from its parent company which has been demonstrated by a letter of support received from Coughlan Companies LLC, a company registered in the United States of America.

After making enquires and considering the uncertainties, the director has a reasonable expectation that the company has adequate resource to continue in operational existence for the foreseeable future. The director has also considered the implications of Brexit and the ongoing COVID-19 outbreak on the business and, whilst he accepts that the ongoing situations present a risk to the business, this is not considered to be an overall threat to the going concern status of the business and therefore the directors continues 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

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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
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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.

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 and cash equivalents 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 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 Taxation

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

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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Product development allocations

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

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock valuation and obsolescence

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on purchase costs. Estimated selling price less costs to complete and sell, includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgments to be made, which include the forecasted customer demand, the promotional, competitive and economic environment as well as the ageing of stock. These variables are monitored by the directors and a provision is in place to mitigate the relevant risks.

Returns provision

Returns provisions are accounted for where the company has committed to offer refunds on returns over a certain period. The directors determine the relevant provision by using the historic rate of returns for the relevant products.

Useful economic life of tangible fixed assets

The useful economic lives of tangible fixed assets have been derived from the judgement of the directors, using their best estimate of the write-down period.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 13 (2020 - 14).

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Intangible fixed assets

Pre-publication costs £

Cost

At 1 January 2021	162,244
Disposals	(98,238)

At 31 December 2021	64,006
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Amortisation and impairment

At 1 January 2021	162,244
Disposals	(98,236)

At 31 December 2021	64,006
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Carrying amount

At 31 December 2021	-
At 31 December 2020	-

The above disposals represent pre-publication costs of titles which are no longer in print.

5 Tangible fixed assets

Equipment £

Cost

At 1 January 2021	116,456
Disposals	(5,109)

At 31 December 2021	111,347
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Depreciation and impairment

At 1 January 2021	113,723
Depreciation charged in the year	2,733
Eliminated in respect of disposals	(5,109)

At 31 December 2021	111,347
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Carrying amount

At 31 December 2021	-
At 31 December 2020	2,734

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Debtors			2021	2020
			£	£
Amounts falling due within one year:				
Trade debtors			487,109	432,787
Other debtors			83,361	76,647
			<u>570,470</u>	<u>509,434</u>
7 Creditors: amounts falling due within one year			2021	2020
			£	£
Trade creditors			148,479	120,446
Other creditors			294,805	290,401
			<u>443,284</u>	<u>410,847</u>
8 Creditors: amounts falling due after more than one year			2021	2020
			£	£
Parent undertaking			844,033	771,339
			<u></u>	<u></u>
9 Called up share capital			2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100
	<u></u>	<u></u>	<u></u>	<u></u>

10 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 Samantha Daniels and the auditor was Shaw Gibbs (Audit) Limited.

CAPSTONE GLOBAL LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 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:

2021	2020
£	£
37,148	81,726
<u>37,148</u>	<u>81,726</u>
<u>37,148</u>	<u>81,726</u>

12 Events after the reporting date

After the year end the company vacated their previous office and in doing so, disposed of fixed asset equipment with cost of £62,346 and net book value of £Nil.

The company also entered into a new lease on 7 February 2022 with a minimum commitment of £13,899.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.