

W & G FOYLE LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER 1995
Registered Number: 00945131

KIDSONS IMPEY



W. & G. FOYLE LIMITED

DIRECTORS' REPORT

31st December 1995

The directors present their annual report and the audited financial statements for the year ended 31st December 1995.

Review of the year

W. & G. Foyle Limited operates as a bookseller and publisher. Its subsidiary company held investments in securities and properties but its activities were discontinued and its assets realised during 1995. With the exception of rental and investment income, which is disclosed separately, the group profit is derived from bookselling and allied activities.

The results for the year are shown on page 4.

Dividends and appropriations

The directors do not recommend payment of a dividend (1994 Nil) and the profit for the financial year has been transferred to reserves.

Fixed assets

Details of changes in fixed assets of the group are set out in notes 7 and 8 to the financial statements. There were no significant additions or disposals during the year apart from the realisation of the subsidiary's assets referred to above.

Directors

The present directors are Mrs C.A.L. Batty and Dalmeny Investments Limited. Their interests in the company's share capital, as recorded in the Register of Directors' Interests, are as follows:-

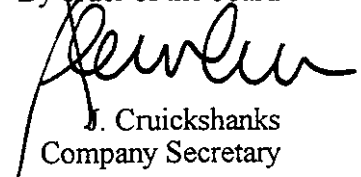
	31st December 1995 Ordinary 5p shares	31st December 1994 Ordinary 5p shares
Mrs. C.A.L. Batty	7213	7213
Dalmeny Investments Limited	-	-

Dalmeny Investments Limited were appointed on 1st February 1995.

Auditors

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company. A resolution proposing their re-appointment will be placed before the Annual General Meeting.

By order of the board


J. Cruickshanks
Company Secretary

Spectrum House,
20-26, Cursitor Street,
London, EC4A 1HY.

23rd October 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year 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 that period. In preparing those financial statements we are required to:

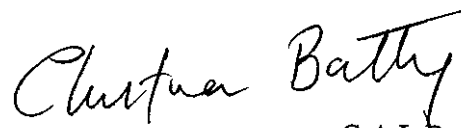
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether accounting standards have been followed, and give details of any departures.
- prepare the financial statements on the going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

23rd October 1996

By order of the board


C A L Batty
Director

AUDITORS' REPORT

Auditors' report to the members of
W. & G. Foyle Limited

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because although stock was counted and valued by a consultant or by management, there were no satisfactory audit procedures that we could adopt to confirm the valuation. Any adjustment to this figure could have a consequential significant effect on the profit for the year.

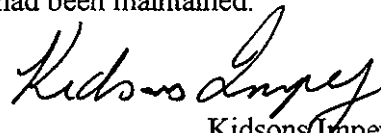
In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st December 1995 and of the group's profit for the year. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to stock:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;
- we were unable to determine whether proper accounting records had been maintained.


Kidsons Impey
Registered Auditors
Chartered Accountants

Leeds

23rd October 1996

W. & G. FOYLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1995

		1995		1994 as restated	
	Note	£	£	£	£
Turnover - continuing operations	1		12897862		12907427
Cost of sales - continuing operations			(10124505)		(9877947)
			<hr/>		<hr/>
Gross profit - continuing operations			2773357		3029480
Administration expenses			(2668411)		(2498472)
Distribution costs			(110908)		(122713)
Other operating income			2283		4684
			<hr/>		<hr/>
Operating (loss)/profit	2				
- continuing operations	2	7665		435100	
- discontinued operations		(11344)		(22121)	
		<hr/>	(3679)	<hr/>	412979
Profit on disposal of fixed assets	4		469018		331448
Investment income	5		448394		180006
			<hr/>		<hr/>
Profit on ordinary activities before taxation			913733		924433
Taxation	6		(375244)		(215502)
			<hr/>		<hr/>
Profit on ordinary activities after taxation - retained			538489		708931
			<hr/>		<hr/>
Profit for the financial year attributable to members of the holding company of which £744996 is dealt with in the holding company's accounts (1994 £602308)	15		538489		708931
			<hr/>		<hr/>

A statement of movements on the group profit and loss account is shown in Note 15.

W. & G. FOYLE LIMITED AND SUBSIDIARY COMPANIES
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

31st December 1995

	1995 £	1994 £
Profit for the financial year	538489	708931
Currency translation differences on foreign currency net investments	(6187)	(22906)
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	532302	686025
	<hr/>	<hr/>

W & G FOYLE LIMITED
CONSOLIDATED BALANCE SHEET

31st December 1995

	Note	1995	1994
		£	£
Fixed assets			
Tangible assets	7	126932	56144
Investments	8	-	216411
		<hr/>	<hr/>
		126932	272555
Current assets			
Stock	9	3784343	3554631
Debtors	10	136582	679253
Cash at bank and in hand		4315208	3226762
		<hr/>	<hr/>
		8236133	7460646
Less: current liabilities			
Creditors: amounts falling due within one year	11	(2354547)	(2264335)
		<hr/>	<hr/>
Net current assets		5881586	5196311
		<hr/>	<hr/>
Total assets less current liabilities		6008518	5468866
Provisions for liabilities and charges	12	(7350)	-
		<hr/>	<hr/>
Net assets		6001168	5468866
		<hr/>	<hr/>
Capital and reserves (equity)			
Called up share capital	14	600	600
Profit and loss account	15	6000568	5296053
Non distributable reserve	16	-	205931
Other reserves	17	-	4701
Unrealised deficiency on translation	18	-	(38419)
		<hr/>	<hr/>
Total shareholders' funds		6001168	5468866
		<hr/>	<hr/>

The financial statements on pages 4 to 16 were approved by the board of directors on 23rd October 1996.

C A L Batty Director

Christine Batty

W. & G. FOYLE LIMITED

BALANCE SHEET

31st December 1995

	Note	£	1995	£	1994	£
Fixed assets						
Tangible assets	7			126932		32782
Investments	8			-		48760
				<hr/>		<hr/>
				126932		81542
Current assets						
Stock	9	3784343			3554631	
Debtors	10	136582			772794	
Cash at bank and in hand		4315208			3090606	
		<hr/>			<hr/>	
		8236133			7418031	
Less: current liabilities						
Creditors: amounts falling due within one year	11	(2354547)			(2243401)	
		<hr/>			<hr/>	
Net current assets				5881586		5174630
				<hr/>		<hr/>
Total assets less current liabilities				6008518		5256172
Provisions for liabilities and charges	12			(7350)		-
				<hr/>		<hr/>
Net assets				6001168		5256172
				<hr/>		<hr/>
Capital and reserves (equity)						
Called up share capital	14			600		600
Profit and loss account	15			6000568		5255572
				<hr/>		<hr/>
Total shareholders' funds				6001168		5256172
				<hr/>		<hr/>

The financial statements on pages 4 to 16
were approved by the board of directors
on 23rd October 1996

C. A. L. Batty Director

Christine Batty

W. & G. FOYLE LIMITED AND SUBSIDIARY COMPANIES

CASH FLOW STATEMENT

31st December 1995

	1995		1994	
	£	£	£	£
Net cash inflow from operating activities		82199		418691
Returns on investment and servicing of finance				
Investment income received	448394		180006	
Dividends paid	-		-	
	<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance		448394		180006
Taxation				
Corporation tax (paid)/received		(36129)		65824
Investing activities				
Payments to acquire:				
Tangible fixed assets	(108622)		(21992)	
Receipts from sale of:				
Tangible fixed assets and investments	708791		363749	
	<hr/>		<hr/>	
Net cash inflow from investing activities		600169		341757
		<hr/>		<hr/>
Increase in cash and cash equivalents		1094633		1006278
		<hr/>		<hr/>

Further details are given in Note 20 to the financial statements

NOTES ON ACCOUNTS

31st December 1995

1. **Accounting policies**

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. No separate profit and loss account is presented for the company, as provided by Section 230 of the Companies Act 1985.

Turnover

Turnover excludes value added tax and represents cash and invoiced credit sales in the year.

Goodwill

Goodwill arising on consolidation has been written off.

Fixed assets

Fixed assets are stated at cost. Depreciation is being charged by annual instalments at varying rates so as to write off the asset cost less any recoverable value over the anticipated useful life of each asset.

The following rates of depreciation have been used:-

Fixtures and fittings	-	10% per annum on cost
Office furniture and equipment	-	10% per annum on cost
Motor vehicles	-	25% per annum on written down amount

Stock and work in progress

Stocks are valued at the lower of cost and net realisable value by a consultant or by management. Cost is computed on an average cost basis. Net realisable value is based on estimated selling price.

Deferred taxation

Deferred taxation is provided to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the dates of the transactions. Assets and liabilities have been translated at rates ruling at the balance sheet date. Exchange differences have been included in operating profit or investment income as appropriate.

NOTES ON ACCOUNTS

31st December 1995

(continued)

1. **Accounting policies (continued)**
Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiary undertaking. Intra-group profits are eliminated on consolidation. Profits and losses of companies entering or leaving the group are included from the date of acquisition or up to the date of disposal.

2. **Operating (loss)/profit**

	1995 £	1994 £
Costs and expenses include:		
Depreciation	14472	3813
Staff costs (see Note 3)	1204981	1209545
Auditors' remuneration - audit	8750	8500
- non-audit services	47799	44781
	<hr/>	<hr/>

3. **Staff costs (including directors' emoluments)**

Wages and salaries	1112250	1113944
Social security costs	92731	95601
	<hr/>	<hr/>

	1204981	1209545
	<hr/>	<hr/>

	Number	Number
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Average number employed	98	96
	<hr/>	<hr/>

None of the directors received any remuneration from the company during the year. (1994 Nil).

4. **Profit on disposal of fixed assets**

Discontinued operations	469018	331448
	<hr/>	<hr/>

5. **Investment income**

Interest receivable	372339	163833
Exchange (losses)/gains	67163	(42749)
Interest payable	(197)	(563)
Rent receivable	9089	59485
	<hr/>	<hr/>

	448394	180006
	<hr/>	<hr/>

6. **Taxation**

Corporation tax on profit on ordinary activities	307000	189160
Under/(over) provision re: prior years	14585	(8127)
Overseas taxation	46309	34469
Deferred taxation	7350	-
	<hr/>	<hr/>

	375244	215502
	<hr/>	<hr/>

31st December 1995
(continued)

	Land and buildings £	Motor vehicles £	Fixtures & fittings £	Office furniture and equipment £	Total £
Group					
At cost					
31st December 1994	23204	28467	424905	65639	542215
Additions	-	-	89250	19372	108622
Disposals	(23204)	-	(781)	-	(23985)
	-	28467	513374	85011	626852
Depreciation					
31st December 1994	-	26366	405869	53836	486071
Charge for year	-	525	11763	2184	14472
Disposals	-	-	(623)	-	(623)
	-	26891	417009	56020	499920
Net book amount					
31st December 1995	-	1576	96365	28991	126932
	-	2101	19036	11803	56144
	23204	2101	19036	11803	56144
	Motor vehicles £	Fixtures & fittings £	Office furniture & equipment £	Total £	
Company					
At cost					
31st December 1994	28467	424124	65639	518230	
Additions	-	89250	19372	108622	
	28467	513374	85011	626852	
Depreciation					
31st December 1994	26366	405246	53836	485448	
Charge for year	525	11763	2184	14472	
	26891	417009	56020	499920	
Net book amount					
31st December 1995	1576	96365	28991	126932	
	2101	18878	11803	32782	
31st December 1994	2101	18878	11803	32782	

NOTES ON ACCOUNTS

31st December 1995

(continued)

8. Fixed asset investments

	1995 £	1994 £
a) Group		
South African quoted investments	-	216411
	<hr/>	<hr/>
	-	216411
	<hr/>	<hr/>
b) Company		
	1995 £	1994 £
Investment in subsidiary company		
Shares at cost		
31st December 1994	48760	48760
Less: realised on distribution	(48760)	-
	<hr/>	<hr/>
31st December 1995	-	48760
	<hr/>	<hr/>

- c) The following company was the wholly owned subsidiary of W. & G. Foyle Limited during the year ended 31st December 1995.

Company	Country of incorporation	Type of shares	Nature of business
Burmar Court (Pty) Limited	South Africa	Ordinary	Investment in property

Burmar Court (Pty) Limited was deregistered on 5th December 1995, following the distribution of its accumulated reserves.

NOTES ON ACCOUNTS

31st December 1995
(continued)

9. Stock - Group and Company

	1995 £	1994 £
Books	3784343	3554631

10. Debtors

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Amounts falling due within one year				
Trade debtors	11905	28964	11905	25749
Other debtors (note 20)	31945	319454	31945	426112
Tax recoverable	-	233551	-	233551
Prepayments and accrued income	92732	97284	92732	87382
	<u>136582</u>	<u>679253</u>	<u>136582</u>	<u>772794</u>

11. Creditors

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Amounts falling due within one year				
Payments received on account	93732	93007	93732	93007
Trade creditors	1780407	1814991	1780407	1813682
Corporation tax	307000	208786	307000	189160
Other taxation and social security	29377	29374	29377	29374
Other creditors	66912	44836	66912	32190
Accruals and deferred income	77119	73341	77119	85988
	<u>2354547</u>	<u>2264335</u>	<u>2354547</u>	<u>2243401</u>

NOTES ON ACCOUNTS

31st December 1995
(continued)

12. Provisions for liabilities and charges

	Group and Company	
	1995	1994
	£	£
Deferred taxation		
Potential liability and provision		
Corporation tax deferred by		
Capital allowances	7350	-
	<hr/>	<hr/>

13. Reconciliation of shareholders' funds

	Group	
	1995	1994
	£	£
Profit for the financial year	538489	708931
Currency translation differences on foreign currency net investments	(6187)	(22906)
	<hr/>	<hr/>
Net addition to shareholders' funds	532302	686025
Opening shareholders' funds	5468866	4782841
	<hr/>	<hr/>
Closing shareholders' funds	6001168	5468866
	<hr/>	<hr/>

14. Share capital

	Authorised		Allotted called up and fully paid	
1995 and 1994	Number of shares	£	Number of shares	£
5p ordinary shares	14000	700	12007	600
		<hr/>		<hr/>

NOTES ON ACCOUNTS

31st December 1995

(continued)

15. Reserves

Profit and loss account

	Group £	Company £
31st December 1994	5296053	5255572
Profit retained for year	538489	744996
Transfer from other reserves		
- Undistributable (note 16)	201750	-
- Other (note 17)	4701	-
- Unrealised deficiency on translation (note 18)	(40425)	-
	<hr/>	<hr/>
31st December 1995	6000568	6000568
	<hr/>	<hr/>

16. Undistributable reserve

	Group £
31st December 1994	205931
Exchange difference	(4181)
Transfer to profit and loss account on realisation of subsidiary's reserves	(201750)
	<hr/>
31st December 1995	-
	<hr/>

17. Other reserves

Negative goodwill on consolidation of subsidiary	
31st December 1994	4701
Transfer to profit and loss account	(4701)
	<hr/>
31st December 1995	-
	<hr/>

18. Unrealised deficiency on translation

31st December 1994	(38419)
Net translation losses in the year	(2006)
Transfer to profit and loss account on realisation of subsidiary's reserves	40425
	<hr/>
31st December 1995	-
	<hr/>

NOTES ON ACCOUNTS

31st December 1995
(continued)

19. Directors' interests

The company rents its bookshop premises from Noved Investment Company, a company under common ownership, at an annual rental of £460,000 (1994 £460,000). During the year various expenditure is incurred by W. & G. Foyle Ltd on behalf of Noved Investment Company and recharged through a loan account. At 31st December 1995 the company was owed £3,708 (1994 £285,357) by Noved Investment Company.

20. Notes to the cash flow statement

(a) Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1995 £	1994 £
Operating (loss)/profit	(3679)	412979
Depreciation charges	14472	3813
Exchange differences	-	1643
Decrease in debtors	309120	673394
(Decrease) in creditors	(8002)	(220369)
(Increase) in stocks	(229712)	(452769)
	<hr/>	<hr/>
Net cash inflow from operating activities	82199	418691
	<hr/>	<hr/>

(b) Analysis of balance of cash and cash equivalents as shown in the balance sheet

	Cash at bank and in hand £	Total £
1st January 1995	3226762	3226762
Net cash inflow before adjustments for the effect of foreign exchange rate changes for the year ended 31st December 1995	1094633	1094633
	<hr/>	<hr/>
Effect of foreign exchange rate changes	(6187)	(6187)
	<hr/>	<hr/>
31st December 1995	4315208	4315208
	<hr/>	<hr/>