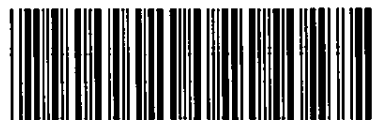


W & G Foyle Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended
30 June 2008

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COMPANIES HOUSE

Company Registration No. 00945131

W & G Foyle Limited

DIRECTORS AND ADVISERS

DIRECTORS

WRC Foyle
WEF Samuel
S Husain
JL Browne
R K Burnett

SECRETARY

JL Browne

REGISTERED OFFICE

113-119 Charing Cross Road
London WC2H 0EB

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

W & G Foyle Limited

DIRECTORS' REPORT

The directors submit their report and the group financial statements of W & G Foyle Limited for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was bookselling and related activities.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Sales for the year amounted to £20.2 million, an increase of over 12% on the previous year. Like for like sales, excluding revenue from new business activities, increased by about 9%, with strong trading performances at the flagship Charing Cross Road store and our bookshops at the Southbank Centre and Selfridges. Internet sales, both through our own website and from other internet platforms, remained steady.

The net loss £194,000 for the year is after charging some non-recurring costs such as compensation paid for loss of office. The Company's operating results therefore reflect a significant improvement on the loss of £743,000 in the previous year and is attributed mainly to better trading margins and holding operating and administration costs relative to the scale of the business.

Our programme of literary events has gone from strength to strength and, in addition to book signings at our flagship store at Charing Cross Road, now extends to our other book shops at Selfridges, the Southbank, St Pancras and Westfield. As in the previous year, we hosted well over 100 literary events with the list of well-known authors including Alastair Campbell, Michael Palin, Salman Rushdie, Lionel Shriver, Kate Moss, Nigella Lawson and Gordon Ramsay.

We also hosted a number of popular exhibitions during the year, including North Korean Propaganda Posters, London Street Art, Dave McKean ("The Savage"), Nabil Anani and Kurt Jackson. In February 2008, we organised and managed an extensive and diversified range of book sales at the "Jewish Book Week" literary event, held in London. Following the successful book sales during that week, Foyles has once again been appointed exclusive booksellers for the event in 2009.

Foyles' new bookshop at St Pancras International station opened in February 2008 - a few months later than planned due to delays in completion of the station's building works. The bookshop has been highly acclaimed for its outstanding design and merchandising and is becoming increasingly popular amongst local residents and train passengers. The build and fit-out of Foyles' new 12,000 square foot book shop in the prestigious Westfield shopping mall in White City, West London, was completed on time and the shop opened, as planned, on 30th October 2008. Based on the prime London location and high footfall predictions for these two new shops, the directors are confident that they will make a significant contribution to future profits.

The Café on the first floor of our Charing Cross Road bookstore has continued to grow in popularity and we have therefore enlarged the area, whilst retaining a performance stage for live Jazz events. Ray's Jazz is now on the Third Floor, adjacent to our literary events gallery and other music departments. The more popular jazz performances, that attract a larger audience, are now held in the Gallery. Plans are also at an advanced stage to expand the music offer on the third floor.

The programme, started in May 2007, for optimising book stock and retail space has largely been completed and has given the opportunity to improve the range of book-stock and expand certain departments. Additionally, some departments have been moved to improve adjacencies. This, together with better signage and staff service, has been instrumental in driving sales growth at our main Charing Cross Road store.

Once again the Board would like to note its appreciation of the commitment, dedication and hard work of the staff. The informative and helpful service were cited as prime considerations in Foyles being awarded two prestigious industry awards in the early part of 2008; "Chain Bookselling Company of the year" and "UK Bookseller of the Year". The Board and executive management are committed to continuing the development of staff and managers through comprehensive training programmes and workshops.

W & G Foyle Limited

DIRECTORS' REPORT

Trading conditions continue to be challenging but, nevertheless, the directors are optimistic about the medium and long-term prospects and believe the Company to be in a good position to take advantage of new opportunities as they arise.

Finally, the Board wish to record its appreciation of the continued support of the shareholders and Noved Investment Company Limited.

PRINCIPAL RISKS AND UNCERTAINTIES:

The management of the business and the execution of the Company's strategies are subject to a number of risks including:

- Competition in the retail industry
- Poor economic conditions or slowdown
- Reduction in the number of tourists visiting London
- Price competitiveness from internet and supermarket sales which will put pressure on margins
- Seasonal fluctuations in sales
- Failure or interruption in product supply
- Failure or interruption of information technology systems
- Reliance on the Foyles brand name
- Cost inflation and legislative change
- Costs and available discounts on book stock
- Growth of electronic book sales

KEY PERFORMANCE INDICATORS:

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

RESULT AND DIVIDENDS

The company made a loss after taxation of £193,928 (2007: loss of £742,887).

The directors do not recommend the payment of a dividend.

DIRECTORS AND INTERESTS IN OPTIONS

The following directors have held office since 1 July 2007 unless otherwise stated:

	Options over ordinary shares of 5p each	
	30.06.08	01.07.07
	£	£
WRC Foyle	1,000	1,000
WEF Samuel	1,000	1,000
S Husain	-	-
JL Browne	500	500
R K Burnett (appointed 23 January 2008)	-	-

VE Wordley resigned as a director on 14 March 2008.

INDEMNIFICATION OF DIRECTORS

Qualifying third party indemnity is in place for directors who held office in the year.

W & G Foyle Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has expressed its willingness to continue in office.

By order of the board



JL Browne
Secretary

08/12/2008

W & G Foyle Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF W & G FOYLE LIMITED

We have audited the financial statements on pages 7 to 20.

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 and 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

06/12/2008

W & G Foyle Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2008

	Notes	£	2008 £	£	2007 £
TURNOVER	1		20,220,678		18,019,287
Exceptional costs	6	-		(1,305,530)	
Other cost of sales		(14,951,987)		(13,853,154)	
Total cost of sales	2		(14,951,987)		(15,158,684)
Gross profit			5,268,691		2,860,603
Exceptional expenses	6	-		(66,600)	
Other operating expenses (net)		(5,487,035)		(4,793,762)	
Total operating expenses	2		(5,487,035)		(4,860,362)
Exceptional income	6	-		1,310,904	
Other operating income	3	102,853		87,134	
Total operating income			102,853		1,398,038
OPERATING LOSS			(115,491)		(601,721)
Interest payable	4		(78,437)		(141,166)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5		(193,928)		(742,887)
Taxation	8		-		-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	16		(193,928)		(742,887)

The operating loss for the year arises from the company's continuing operations.

No Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

W & G Foyle Limited

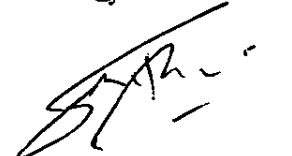
BALANCE SHEET

30 June 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible fixed assets	9	9,054	33,068
Tangible assets	10	1,492,954	1,009,910
		<u>1,502,008</u>	<u>1,042,978</u>
CURRENT ASSETS			
Stocks	11	4,360,378	3,779,833
Debtors - due within one year	12	863,660	1,147,570
- due after more than one year	12	634,876	634,876
Cash at bank and in hand		26,276	36,276
		<u>5,885,190</u>	<u>5,598,555</u>
CREDITORS: Amounts falling due within one year	13	(4,218,260)	(3,339,302)
NET CURRENT ASSETS		<u>1,666,930</u>	<u>2,259,253</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,168,938</u>	<u>3,302,231</u>
CREDITORS: Amounts falling due after more than one year	14	(909,096)	(848,461)
NET ASSETS		<u>2,259,842</u>	<u>2,453,770</u>
CAPITAL AND RESERVES			
Called up share capital	15	600	600
Profit and loss account	16	2,259,242	2,453,170
SHAREHOLDERS' FUNDS	17	<u>2,259,842</u>	<u>2,453,770</u>

The financial statements on pages 7 to 20 were approved and authorised for issue on 08/12/2008 and are signed on its behalf by:


WRC Foyle Director


S Husain Director

W & G Foyle Limited
CASH FLOW STATEMENT
for the year ended 30 June 2008

	<i>Notes</i>	2008 £	2007 £
Net cash inflow from operating activities	18a	377,911	732,959
Returns on investments and servicing of finance	18b	(78,437)	(141,166)
Capital expenditure and financial investment	18b	(822,404)	(342,788)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(522,930)</u>	<u>249,005</u>
Financing	18b	605,691	(156,372)
INCREASE IN CASH IN THE YEAR	18c	<u>82,761</u>	<u>92,633</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase in cash in the year	82,761	92,633
Net cash (outflows)/inflows from (increase)/decrease in net debt	(605,691)	156,372
MOVEMENT IN NET DEBT IN YEAR	<u>(522,930)</u>	<u>249,005</u>
NET DEBT AT 1 JULY 2007	(1,951,137)	(2,200,142)
NET DEBT AT 30 JUNE 2008	<u>(2,474,067)</u>	<u>(1,951,137)</u>

W & G Foyle Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounting policies are consistent with those used in prior years.

GOING CONCERN

Noved Investment Company, a company in which the directors, WRC Foyle and WEF Samuel, have an interest, has confirmed that it will provide the necessary financial support to enable the company to continue to trade and to meet its liabilities as they fall due during the period to 31 December 2009. Accordingly, the directors believe that it is appropriate for the company's financial statements to be prepared on a going concern basis.

INTANGIBLE FIXED ASSETS

The cost of acquiring intellectual property rights is capitalised and written off evenly over 10 years as, in the opinion of the directors, this represents the useful economic life of such assets.

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 10 years as, in the opinion of the directors, this represents the period over which the goodwill is effective.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold improvements	over the unexpired lease term or 10% per annum on cost
Fixtures, fittings and equipment	20% per annum on cost

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable against suitable taxable profits in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

OPERATING LEASES

Annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

W & G Foyle Limited

ACCOUNTING POLICIES

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 the profit and loss account.

TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold to customers.

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. These are stated at cost in the company balance sheet and provision is made for any impairment.

SHARE BASED PAYMENTS

The company has applied the requirements of FRS20 *share-based payment* which requires the fair value of share-based payments to be recognised as an expense.

This standard has been applied to the share options. Certain employees receive remuneration in the form of share options. The fair value of the equity instruments granted is measured on the date at which they are granted.

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2008

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity. All sales were made in the United Kingdom.

2	TOTAL COST OF SALES AND NET OPERATING EXPENSES	2008 £	2007 £
	Cost of sales	14,951,987	15,158,684
		<u>14,951,987</u>	<u>15,158,684</u>
	Distribution costs	221,662	156,366
	Administration expenses	5,265,373	4,703,996
	Net operating expenses	<u>5,487,035</u>	<u>4,860,362</u>
3	OTHER OPERATING INCOME	2008 £	2007 £
	Rent receivable	-	16,245
	Other income	102,853	70,889
		<u>102,853</u>	<u>87,134</u>
4	INTEREST PAYABLE	2008 £	2007 £
	Loans and bank overdraft interest	78,437	141,166
5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2008 £	2007 £
	Loss on ordinary activities before taxation is stated after Charging:		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year		
	owned assets	358,777	275,781
	Loss on disposal of fixed assets	2,085	-
	Amortisation of intangible fixed assets	2,512	36,272
	Operating lease rentals:		
	Land and buildings	1,021,062	908,696
	Plant and machinery	18,690	30,443
	Auditors' remuneration - audit	24,000	22,000
	- non-audit	6,000	10,000
	Exceptional income (note 6)	-	1,310,904
	Exceptional costs (note 6)	-	1,372,180

W & G Foyle Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

6	EXCEPTIONAL ITEMS	2008	2007
		£	£
	Exceptional income		
	Reimbursement of prior year refurbishment costs	-	1,310,904
		<u>-</u>	<u>1,310,904</u>
	Exceptional cost and expenses		
	Stock write downs	-	1,305,530
	Share based payment charge	-	66,600
		<u>-</u>	<u>1,372,130</u>
7	EMPLOYEES	2008	2007
		No	No
	The average monthly number of persons (including directors) employed by the company during the year was	162	143
		<u>162</u>	<u>143</u>
	Staff costs for above persons:	2008	2007
		£	£
	Wages and salaries	3,297,213	2,687,654
	Social security costs	266,662	225,818
	Pension costs	2,180	2,706
	Share based payment charge	-	66,600
		<u>3,566,055</u>	<u>2,982,778</u>
	DIRECTORS' REMUNERATION	2008	2007
		£	£
	Emoluments	395,615	210,507
	Share based payment charge	-	66,600
		<u>395,615</u>	<u>277,107</u>
	Highest paid director:		
	Emoluments	145,689	73,490
	Share based payment charge	-	11,100
		<u>145,689</u>	<u>84,590</u>
	Compensation to director for loss of office	<u>83,750</u>	-

Included in the above are fees amounting to £99,000 (2007: £24,750) which were paid to HEP Holdings Limited, a company controlled by Mr S Husain.

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

8	TAXATION	2008 £	2007 £
	Current tax:		
	UK corporation tax on results of the period	-	-
	Total current tax	-	-
	Deferred taxation:		
	Origination and reversal of timing differences	-	-
	Total deferred tax	-	-
	Tax on loss on ordinary activities	-	-
		2008 £	2007 £
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:		
	Loss on ordinary activities before tax	(193,928)	(680,370)
	Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	(54,300)	(204,111)
	Effects of:		
	Expenses not deductible for tax purposes	703	35,437
	Capital allowances in excess of depreciation	(117,390)	(228,769)
	Unutilised tax losses carried forward	170,987	406,849
	Income not taxable	-	(123,295)
	Other timing differences	-	13,795
	Difference relating to future deferred tax rates	-	100,094
	Current tax charge for period	-	-

The company has trading losses of approximately £3,299,310 (2007: £2,684,720) which, subject to agreement with the Inland Revenue, are available to carry forward and offset future profits of the same trade.

A deferred tax asset of approximately £923,806 (2007: £751,721) in respect of these losses has not been recognised on the grounds that it is expected that it will take some time for the full effects of the store refurbishment programme to translate into taxable profits and allow this deferred tax asset to be utilised.

A deferred tax asset of £634,876 (2007: £634,876) in respect of decelerated capital allowances has been recognised on the basis that this asset is expected to reverse within the foreseeable future (note 13).

W & G Foyle Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

9	INTANGIBLE FIXED ASSETS				Intellectual property £
	Cost				
	1 July 2007				49,945
	Transfer to tangible assets				(24,945)
	30 June 2008				<u>25,000</u>
	Amortisation:				
	1 July 2007				16,877
	Charge for the year				2,512
	Transfer to tangible assets				(3,443)
	30 June 2008				<u>15,946</u>
	Net book value				
	30 June 2008				<u>9,054</u>
	30 June 2007				<u>33,068</u>
10	TANGIBLE FIXED ASSETS				
		Leasehold Improvements £	Office furniture & equipment £	Fixtures & fittings £	Total £
	Cost				
	1 July 2007	851,600	1,434,830	750,538	3,036,968
	Additions	585,327	237,077	-	822,404
	Disposals	(2,085)	-	-	(2,085)
	Transfer from intangible assets	-	24,945	-	24,945
	30 June 2008	<u>1,434,842</u>	<u>1,696,852</u>	<u>750,538</u>	<u>3,882,232</u>
	Depreciation				
	1 July 2007	341,342	935,178	750,538	2,027,058
	Charged in the year	180,847	177,930	-	358,777
	Transfer from intangible assets	-	3,443	-	3,443
	30 June 2008	<u>522,189</u>	<u>1,116,551</u>	<u>750,538</u>	<u>2,389,278</u>
	Net book value				
	30 June 2008	<u>912,653</u>	<u>580,301</u>	<u>-</u>	<u>1,492,954</u>
	30 June 2007	<u>510,258</u>	<u>499,652</u>	<u>-</u>	<u>1,009,910</u>

W & G Foyle Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

11	STOCKS	2008 £	2007 £
	Books, gifts and stationery	4,360,378	3,779,833
		<u> </u>	<u> </u>
12	DEBTORS	2008 £	2007 £
	Due within one year:		
	Trade debtors	269,700	349,007
	Other debtors	38,024	89,047
	Prepayments and accrued income	555,936	709,516
		<u>863,660</u>	<u>1,147,570</u>
	Due after more than one year:		
	Deferred tax	634,876	634,876
		<u>1,498,536</u>	<u>1,782,446</u>
		2008 £	2007 £
	The deferred tax asset is made up as follows:		
	Decelerated capital allowances	-	-
		<u> </u>	<u> </u>
		-	-
		<u> </u>	<u> </u>
	At 1 July 2007	634,876	634,876
	Deferred tax credited to profit and loss account	-	-
		<u>634,876</u>	<u>634,876</u>
	At 30 June 2008	<u>634,876</u>	<u>634,876</u>

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2008

13	CREDITORS: Amounts falling due within one year	2008 £	2007 £
	Bank loan and overdraft	1,471,247	1,138,952
	Other loan	120,000	-
	Trade creditors	2,314,457	1,949,355
	Other taxation and social security costs	74,428	61,846
	Other creditors	100	-
	Accruals and deferred income	238,028	189,149
		<u>4,218,260</u>	<u>3,339,302</u>

The bank loan and overdraft disclosed above is secured by a floating charge on the assets of the company.

14	CREDITORS: Amounts falling due after more than one year	2008 £	2007 £
	Bank loan	-	709,365
	Other loan	909,096	139,096
		<u>909,096</u>	<u>848,461</u>

The bank loan is secured by a floating charge on the assets of the company.

The bank loan is repayable by instalments as follows:

	2008 £	2007 £
Within one year	784,660	359,604
Between one and two years	-	359,604
Between two and five years	-	349,761
	<u>784,660</u>	<u>1,068,969</u>

W & G Foyle Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2008

15	SHARE CAPITAL	2008 £	2007 £
	Authorised:		
	14,000 ordinary shares of 5p each	700	700
	6,000 'A' ordinary shares of 5p each	300	300
		<u>1000</u>	<u>1,000</u>
	Allotted, issued and fully paid:		
	12,007 ordinary shares of 5p each	<u>600</u>	<u>600</u>

The ordinary shares and the 'A' ordinary shares rank pari passu as to dividend rights. The 'A' ordinary shares rank behind the ordinary shares on a winding up or other return of capital and do not generally entitle holders to receive notice of and/or to attend and speak at general meetings.

The company has granted options which remain exercisable, to subscribe for 'A' ordinary shares of 5p each.

	Grant date	Subscription price per share £	Period within which options are exercisable	Number of shares for which rights are exercisable 30.06.08	01.07.07
EMI Scheme	19.07.06	111	19.07.06-18.07.16	1,250	1,750
Unapproved Scheme	19.07.06	111	19.07.06-18.07.16	1,250	1,250

16	PROFIT AND LOSS ACCOUNT	2008 £	2007 £
	1 July 2007	2,453,170	3,129,457
	Loss for the financial year	(193,928)	(742,887)
	Credit to equity for share based payment	-	66,600
	30 June 2008	<u>2,259,242</u>	<u>2,453,170</u>

17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2008 £	2007 £
	Loss for the financial year	(193,928)	(742,887)
	Opening shareholders' funds	2,453,770	3,130,057
	Credit to equity for share based payment	-	66,600
	Closing shareholders' funds	<u>2,259,842</u>	<u>2,453,770</u>

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18	CASH FLOWS	2008 £	2007 £
a	Reconciliation of operating loss to net cash inflow from operating activities		
	Operating loss	(115,491)	(539,204)
	Depreciation of tangible fixed assets	358,777	275,781
	Loss on disposal of tangible fixed assets	2,085	-
	Amortisation and impairment of intangible fixed assets	2,512	118,122
	(Increase)/decrease in stocks	(580,545)	759,600
	Decrease in debtors	283,910	63,397
	Increase/(decrease) in creditors	426,663	(11,337)
	Share based payment	-	66,600
	Net cash inflow from operating activities	377,911	732,959
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Interest paid	(78,437)	(141,166)
	Net cash outflow from returns on investments and servicing of finance	(78,437)	(141,166)
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(822,404)	(342,788)
	Net cash outflow from capital expenditure and financial investment	(822,404)	(342,788)
	Financing		
	Debt due within the year		
	New loan	950,000	1,450,000
	Loan repayments	(344,309)	(1,606,372)
	Net cash inflow/(outflow) from financing	605,691	(156,372)
c	Analysis of net debt	At 1 July 2007 £	Cash flow £
	Cash at bank and in hand	36,276	(10,000)
	Bank overdraft	(779,348)	92,761
		(743,072)	82,761
	Bank loan due within one year	(359,604)	(425,056)
	Bank loan due after one year	(709,365)	709,365
	Other loan due within one year	-	(120,000)
	Other loan due after one year	(139,096)	(770,000)
		(1,208,065)	(605,691)
		(1,951,137)	(522,930)

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

19 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Plant and machinery		
expiring in the first year	3,128	52,520
expiring in the second to fifth year	5,475	14,634
	<u>8,603</u>	<u>67,154</u>
Land and buildings		
expiring in the first year	900,000	840,000
expiring after more than five years	279,000	108,000
	<u>1,179,000</u>	<u>948,000</u>
TOTAL	<u><u>1,187,603</u></u>	<u><u>1,015,154</u></u>

20 RELATED PARTY DISCLOSURES

The company rents its bookshop premises from Noved Investment Company Limited ("Noved"), a company in which the directors, WRC Foyle and WEF Samuel, have an interest, at an annual rental of £900,000 (2007: £840,000).

During the year, the company was advanced a net amount of £890,000 by Noved, incurring an interest charge of £38,643. The company owed Noved £1,029,096 (2007: £139,096) at the balance sheet date in respect of this loan (notes 13 & 14).

21 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is WRC Foyle.