

W & G FOYLE LIMITED
REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1998

Registered Number: 00945131



W. & G. FOYLE LIMITED

DIRECTORS' REPORT

31st December 1998

The directors present their annual report and the audited financial statements for the year ended 31st December 1998.

Review of the year

W. & G. Foyle Limited operates as a bookseller and publisher. 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 (1997 Nil) and the profit for the financial year has been transferred to reserves.

Fixed assets

Details of changes in fixed assets are set out in note 6 to the financial statements. There were no significant additions or disposals during the year.

Year 2000 compliance

The company has assessed the risks to the business resulting from the date change to the year 2000, and believe that all relevant systems are compliant.

Directors

The directors of the company during the year were 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, were as follows:-

	31st December 1998 Ordinary 5p shares	31st December 1997 Ordinary 5p shares
Mrs. C.A.L. Batty	7,213	7,213
Dalmeny Investments Limited	-	-

Mrs C.A.L. Batty died on 8 June 1999

Mr W R C Foyle was appointed as a director on 4th June 1999

Auditors

HLB Kidsons (formerly 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.

No rights to subscribe for shares in or debentures of the company were granted to or exercised by any director during the year.

By order of the board


F S Boal
Company Secretary

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

4th October 1999

W. & G. FOYLE LIMITED

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.

By order of the board



W R C Foyle
Director

4 October 1999

W. & G. FOYLE LIMITED

AUDITORS' REPORT

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

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 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 as at 31st December 1998 and of the 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.

HLB Kidsons

HLB Kidsons
Registered Auditors
Chartered Accountants

Leeds

4 October 1999

W. & G. FOYLE LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1998

	Note	1998 £	1997 £
Turnover - continuing operations	1	11,108,643	12,450,709
Cost of sales - continuing operations		(8,814,448)	(8,723,515)
		<hr/>	<hr/>
Gross profit - continuing operations		2,294,195	3,727,194
 Administration expenses		 (2,321,334)	 (2,580,645)
Distribution costs		(55,458)	(54,976)
		<hr/>	<hr/>
Operating (loss)/profit	2	(82,597)	1,091,573
 Investment income	4	 327,621	 319,492
Exchange losses		(129,127)	(37,631)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		115,897	1,373,434
 Taxation	5	 (54,187)	 (445,567)
		<hr/>	<hr/>
Profit on ordinary activities after taxation - retained		61,710	927,867
		<hr/>	<hr/>

A statement of movements on the profit and loss account is shown in Note 11.

The company has no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of recognised gains and losses has been prepared.

W & G FOYLE LIMITED

BALANCE SHEET

31st December 1998

	Note	1998	1997
		£	£
Fixed assets			
Tangible assets	6	313,993	289,744
Current assets			
Stock	7	5,474,421	5,521,535
Debtors	8	78,529	124,148
Cash at bank and in hand		3,860,567	4,698,870
		<u>9,413,517</u>	<u>10,344,553</u>
Less: current liabilities			
Creditors: amounts falling due within one year	9	(1,983,610)	(2,962,107)
		<u></u>	<u></u>
Net current assets		7,429,907	7,382,446
		<u></u>	<u></u>
Total assets less current liabilities		7,743,900	7,672,190
		<u></u>	<u></u>
Provisions for liabilities and charges	10	(40,000)	(30,000)
		<u></u>	<u></u>
Net assets		7,703,900	7,642,190
		<u></u>	<u></u>
Capital and reserves (equity)			
Called up share capital	12	600	600
Profit and loss account		7,703,300	7,641,590
		<u></u>	<u></u>
Total shareholders' funds		7,703,900	7,642,190
		<u></u>	<u></u>

The financial statements on pages 4 to 11 were approved by the board of directors on 4th October 1999.



W R C Foyle
Director

W. & G. FOYLE LIMITED
CASH FLOW STATEMENT

31st December 1998

	1998	1997
	£	£
Net cash (outflow)/inflow from operating activities	(529,760)	370,202
Returns on investment and servicing of finance		
Interest received	327,779	325,723
Interest paid	(35)	(326)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	327,744	325,397
Taxation		
UK corporation tax paid	(438,733)	(322,544)
Capital expenditure		
Payments to acquire tangible fixed assets	(68,427)	(179,192)
	<hr/>	<hr/>
Net cash (outflow) on investing activities	(68,427)	(179,192)
	<hr/>	<hr/>
(Decrease)/increase in cash	(709,176)	193,863
	<hr/>	<hr/>

Further details are given in Notes 14 to 16 to the financial statements

W. & G. FOYLE LIMITED

NOTES ON ACCOUNTS

31st December 1998

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.

Turnover

Turnover excludes value added tax and represents cash and invoiced credit sales in the year. All turnover is generated in the United Kingdom from the primary activity of the company.

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.

W. & G. FOYLE LIMITED

NOTES ON ACCOUNTS

31st December 1998

(continued)

2.	Operating (loss)/profit	1998	1997
		£	£
	Costs and expenses include:		
	Depreciation	44,178	36,563
	Staff costs (see Note 3)	951,662	1,049,787
	Auditors' remuneration - audit	9,000	9,000
	- non-audit services	54,300	53,437
		<hr/>	<hr/>
3.	Staff costs (including directors' emoluments)		
	Wages and salaries	879,654	972,743
	Social security costs	72,008	77,044
		<hr/>	<hr/>
		951,662	1,049,787
		<hr/>	<hr/>
		Number	Number
	Average number employed	79	84
		<hr/>	<hr/>
	None of the directors received any remuneration from the company during the year. (1997 Nil).		
4.	Investment income		
	Interest receivable	327,656	320,963
	Interest payable	(35)	(1,471)
		<hr/>	<hr/>
		327,621	319,492
		<hr/>	<hr/>
5.	Taxation		
	Corporation tax on profit		
	on ordinary activities at 31%	45,454	440,000
	(Over) provision re prior years	(1,267)	(17,083)
	Deferred taxation	10,000	22,650
		<hr/>	<hr/>
		54,187	445,567
		<hr/>	<hr/>

W. & G. FOYLE LIMITED

NOTES ON ACCOUNTS

31st December 1998

(continued)

6. Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Office furniture and equipment £	Total £
At cost				
31st December 1997	28,467	721,141	108,917	858,525
Additions	-	25,035	43,392	68,427
	<hr/>	<hr/>	<hr/>	<hr/>
31st December 1998	28,467	746,176	152,309	926,952
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
31st December 1997	27,580	477,771	63,430	568,781
Charge for year	222	35,043	8,913	44,178
	<hr/>	<hr/>	<hr/>	<hr/>
31st December 1998	27,802	512,814	72,343	612,959
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount				
31st December 1998	665	233,362	79,966	313,993
	<hr/>	<hr/>	<hr/>	<hr/>
31st December 1997	887	243,370	45,487	289,744
	<hr/>	<hr/>	<hr/>	<hr/>

7. Stock

	1998 £	1997 £
Books	5,474,421	5,521,535
	<hr/>	<hr/>

8. Debtors

Amounts falling due within one year

Trade debtors	4,976	696
Other debtors	31,077	81,030
Prepayments and accrued income	42,476	42,422
	<hr/>	<hr/>
	78,529	124,148
	<hr/>	<hr/>

9. Creditors

Amounts falling due within one year

Payments received on account	16,676	37,246
Trade creditors	1,598,624	1,900,436
Corporation tax	45,454	440,000
Other taxation and social security	21,799	28,680
Other creditors	204,384	498,443
Accruals and deferred income	96,673	57,302
	<hr/>	<hr/>
	1,983,610	2,962,107
	<hr/>	<hr/>

W & G FOYLE LIMITED

NOTES ON ACCOUNTS

31st December 1998

(continued)

10. Provisions for liabilities and charges

	1998 £	1997 £
Deferred taxation		
Potential liability and provision		
Corporation tax deferred by Capital allowances	40,000	30,000
	<hr/>	<hr/>

11. Reconciliation of shareholders' funds

	1998 £	1997 £
Profit for the financial year	61,710	927,867
Opening shareholders' funds	7,642,190	6,714,323
	<hr/>	<hr/>
Closing shareholders' funds	7,703,900	7,642,190
	<hr/>	<hr/>

12. Share capital

	Number of shares	Authorised £	Number of shares	Allotted called up and fully paid £
1998 and 1997				
5p ordinary shares	14,000	700	12,007	600
		<hr/>		<hr/>

W. & G. FOYLE LIMITED

NOTES ON ACCOUNTS

31st December 1998

(continued)

13. Directors' interests

The company rents its bookshop premises from Noved Investment Company, a company under common ownership, at an annual rental of £380,000 (1997 £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 1998 the company owed £189,713 to Noved Investment Company (1997 - £402,684).

14. Notes to the cash flow statement

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

	1998 £	1997 £
Operating (loss)/profit	(82,597)	1,091,573
Depreciation charges	44,178	36,563
Decrease/(increase) in stocks	47,114	(508,360)
Decrease/(increase) in debtors	46,930	(47,109)
(Decrease) in creditors	(585,385)	(202,465)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(529,760)	370,202
	<hr/>	<hr/>

15. Reconciliation of net cash flow to movement in net funds

(Decrease) in cash in year	(709,176)
	<hr/>
Changes in net funds resulting from cashflows	(709,176)
Exchange differences	(129,127)
	<hr/>
Movement in net funds in the year	(838,303)
Net funds at the start of the year	4,698,870
	<hr/>
Net funds at the end of the year	3,860,567
	<hr/>

16. Analysis of changes in net funds

	At 1 January 1998 £	Cash flows £	Other non cash changes £	At 31 December 1998 £
Cash in hand and at bank	4,698,870	(709,176)	(129,127)	3,860,567
	<hr/>	<hr/>	<hr/>	<hr/>