

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS

for the year ended

31 JANUARY 1997

1124359



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COMPANIES HOUSE 28/11/97

USBORNE PUBLISHING LIMITED

DIRECTORS

T.P. Usborne
R.M. Robinson

ASSOCIATE DIRECTORS

D.M. Lowe
J.S. Tyler
R. Jones
D.P. Harte
L. Hunt

SECRETARY

K.M. Ball

REGISTERED OFFICE

Usborne House
83-85 Saffron Hill
London EC1N 8RT

BANKERS

National Westminster Bank plc
1 Princes Street
London EC2R 8PA

AUDITORS

Smith & Williamson
Chartered Accountants
No 1 Riding House Street
London W1A 3AS

SOLICITORS

Davenport Lyons
1 Old Burlington Street
London W1X 1LA

COMPANY NUMBER

1124359

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS for the year ended 31 JANUARY 1997

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USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 31 January 1997.

Activities

The principal activity of the company continued to be publishing.

Review of business

The company had a satisfactory year and, in the opinion of the directors, the state of the company's affairs and its future prospects are satisfactory. There has been no material change in the company's affairs since the balance sheet date.

Results for the year and dividends

The profit for the year after taxation was £474,613 (1996: £957,397).

The directors do not recommend the payment of a dividend in respect of the year ended 31 January, 1997.

Directors

The directors of the company at 31 January 1997, both of whom have served throughout the year were:

T.P. Usborne
R.M. Robinson

The interests of the directors and their families in the share capital of the company were as follows:-

	Number of A Ordinary £1 shares	
	31 January	31 January
	1997	1996
T.P. Usborne	7,375	7,375
R.M. Robinson	-	-

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (continued)

Charitable donations

During the year, the company made donations for charitable purposes amounting to £7,598.

Auditors

A resolution to re-appoint the auditors, Messrs. Smith & Williamson will be proposed at the next annual general meeting.

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON THEIR BEHALF

A handwritten signature in black ink, appearing to read 'K.M. Ball', written in a cursive style.

K.M. Ball
SECRETARY

USBORNE PUBLISHING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts comply with 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.

Smith & Williamson

Chartered Accountants

No. 1 Riding House Street London W1A 3AS

AUDITORS' REPORT TO THE SHAREHOLDERS OF USBORNE PUBLISHING LIMITED

We have audited the accounts on pages 7 to 20 which have been prepared under the historical cost convention and the accounting policies on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

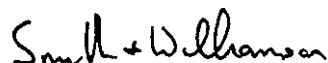
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 January 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

No 1 Riding House Street
London W1A 3AS

5 November 1997

USBORNE PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 JANUARY 1997

	Notes	1997 £	1996 £
Turnover	2	13,273,282	17,630,625
 Cost of sales		 (9,316,740)	 (11,979,551)
		<hr/>	<hr/>
Gross profit		3,956,542	5,651,074
 Distribution costs		 (272,281)	 (336,800)
 Administrative expenses		 (3,791,784)	 (4,564,997)
 Other operating income	3	 712,272	 604,320
		<hr/>	<hr/>
Operating profit	6	604,749	1,353,597
 Interest receivable		 125,206	 84,344
 Provision against investments	10	 (2,502)	 2,111
 Interest payable	7	 (2,840)	 (4,932)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		724,613	1,435,120
 Taxation	8	 (250,000)	 (477,723)
		<hr/>	<hr/>
Retained profit for the financial year	17	£ 474,613	£ 957,397
		<hr/> <hr/>	<hr/> <hr/>

All of the company's activities are classed as continuing and the company has no recognised gains or losses other than the profit for the above two financial years.

USBORNE PUBLISHING LIMITED

BALANCE SHEET as at 31 JANUARY 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible	9	242,009	272,933
Investments	10	41,316	43,818
		<hr/>	<hr/>
		283,325	316,751
		<hr/>	<hr/>
Current assets			
Stocks	11	2,763,669	2,517,953
Debtors	12	5,084,657	5,741,481
Investments	13	9,905	19,817
Cash at bank and in hand		1,953,499	2,161,099
		<hr/>	<hr/>
		9,811,730	10,440,350
Creditors: Amounts falling due within one year	14	(3,996,875)	(5,129,830)
		<hr/>	<hr/>
Net current assets		5,814,855	5,310,520
		<hr/>	<hr/>
Total assets less current liabilities		6,098,180	5,627,271
Creditors: Amounts falling due after more than one year	15	-	(3,704)
		<hr/>	<hr/>
Net assets		6,098,180	5,623,567
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	10,000	10,000
Share premium account		2,448,469	2,448,469
Capital reserve		1,000	1,000
Capital redemption reserve		9,950	9,950
Profit and loss account	17	3,628,761	3,154,148
		<hr/>	<hr/>
Shareholders' funds	18	6,098,180	5,623,567
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 27 OCTOBER 1997

Signed on behalf of the Board of Directors

T.P. Usborne

USBORNE PUBLISHING LIMITED

CASH FLOW STATEMENT for the year ended 31 JANUARY 1997

	Notes	1997	1996
		£	£
Net cash inflow from operating activities	(a)	202,360	1,886,052
Returns on investments and servicing of finance			
Interest received		125,206	84,344
Interest paid		(1,745)	(1,868)
Interest element of finance lease rental payments		(1,095)	(3,064)
Net cash inflow from returns on investment and servicing of finance		122,366	79,412
Taxation			
UK taxation paid		(490,356)	(441,615)
Overseas taxation paid		(7,694)	(3,430)
Net cash outflow from taxation		(498,050)	(445,045)
Investing activities			
Purchase of tangible fixed assets		(167,941)	(173,323)
Proceeds from sale of tangible fixed assets		44,990	17,746
Proceeds from sale of investments		105,938	-
Net cash outflow investing activities		(17,013)	(155,577)
Net cash (outflow)/inflow before financing		(207,600)	1,364,842
Financing			
Capital element of finance lease rental payments	(c)	(17,263)	(26,484)
(Decrease)/Increase in cash	(b)	(207,600)	1,338,358

USBORNE PUBLISHING LIMITED

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 JANUARY 1997

(a)	Reconciliation of operating profit to net cash inflow from operating activities	1997 £	1996 £
	Operating profit	604,748	1,353,597
	Depreciation	151,299	171,841
	(Profit) on sale of current asset investment	(96,026)	-
	Loss on sale of tangible fixed assets	2,576	1,554
	(Increase) in stocks	(245,716)	(265,786)
	Decrease in debtors	656,824	512,664
	(Decrease)/increase in creditors	(871,345)	112,182
		<hr/>	<hr/>
	Net cash inflow from operating activities	202,360	1,886,052
		<hr/>	<hr/>
(b)	Reconciliation of net cash	£	£
	At 1 February 1996	2,161,099	822,741
	Net cash(outflow)/inflow	(207,600)	1,338,358
		<hr/>	<hr/>
	At 31 January 1997	1,953,499	2,161,099
		<hr/>	<hr/>
(c)	Analysis of obligations under finance lease and hire purchase agreements	£	£
	Balance at 1 February 1996	17,263	43,747
	Repayment of principal	(17,263)	(26,484)
		<hr/>	<hr/>
	Balance at 31 January 1997	-	£ 17,263
		<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997

1. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies adopted are described below.

Accounting convention

The accounts have been prepared under the historical cost convention.

Investments

Investments held as fixed assets are stated at cost less provisions for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Pension costs

The company operates a money purchase pension scheme.

Contributions to the money purchase scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme and represent contributions payable by the company to the fund.

Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost is defined as direct publication costs, together with a proportion of relevant overheads.

Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments on the following bases:-

Leasehold premises and improvements	- Over the remaining term of the lease.
Furniture and equipment, fixtures and fittings	- 20%
Computer equipment	- 25%
Book fair stand	- 33⅓%

Motor vehicles are assumed to have a life of four years when purchased new; when purchased at one year old, they are depreciated at 20% per annum for disposal after four years.

Royalty income

Royalty advances are credited to the profit and loss account when invoiced, royalties in excess of advances are credited when received.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

1. Accounting policies (continued)

Foreign currency

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction, unless covered by forward purchases of currency where the forward rate is used.

Assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date unless covered by forward purchases of currency. Any profit or loss arising is taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2. Turnover

Turnover represents the value of goods delivered to customers during the period, less returns, and is stated net of value added tax.

Geographical analysis of turnover:-

	1997 £	1996 £
U.K.	6,420,240	7,432,560
Overseas	6,853,042	10,198,065
	<hr/>	<hr/>
	£13,273,282	£17,630,625
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

3.	Other operating income	1997 £	1996 £
	Royalties receivable	616,246	604,320
	Profit on sale of investments	96,026	-
		<u>712,272</u>	<u>604,320</u>

4. Employees

The average weekly number of employees, excluding directors, of the company during the year and their aggregate remuneration excluding directors were as follows:-

	Number	Wages and salaries	Social security	Pension costs	Total
Year ended 31 January, 1997	108	£ 1,948,259	£ 192,749	£ 74,451	£ 2,215,459
Year ended 31 January, 1996	111	£ 1,979,944	£ 187,552	£ 74,323	£ 2,241,819

5.	Directors' emoluments	1997 £	1996 £
	Remuneration	93,401	91,596
	Pension costs	8,074	7,834
	Medical expenses	-	35,000
		<u>101,475</u>	<u>134,430</u>
	Remuneration of the chairman and highest paid director (excluding pension contributions)	<u>93,401</u>	<u>126,596</u>
	Scale of directors' remuneration (excluding pension contributions)	No.	No.
	£0 - £5,000	1	1
	£90,001 - £95,000	1	-
	£125,001-£130,000	-	1

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

6.	Operating profit	1997	1996
	is stated after charging:-	£	£
	Operating lease rentals		
	- Hire of plant and machinery	9,029	12,244
	- Other	273,126	260,135
	Depreciation		
	- Own assets	151,299	155,405
	- Assets held under finance lease and hire purchase contracts	-	16,436
	Auditors' remuneration		
	Audit services	32,000	31,500
	- other services	14,570	14,602
	Foreign exchange losses/(gains)	45,271	(63,209)
		<hr/>	<hr/>
7.	Interest payable	£	£
	Bank interest	1,646	1,721
	Finance lease interest	1,095	3,064
	Interest on other loans	99	147
		<hr/>	<hr/>
		2,840	4,932
		<hr/>	<hr/>
8.	Taxation	£	£
	Corporation tax based on the profits for the year at 33 % (1996 33%)	250,000	505,000
	Prior year overprovisions	-	(27,277)
		<hr/>	<hr/>
		250,000	477,723
		<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

9. Tangible fixed assets	Computers £	Furniture and Fittings £	Motor Vehicles £	Total £
Cost				
At 1 February 1996	477,307	278,937	221,932	978,176
Additions	82,907	55,605	29,429	167,941
Disposals	(39,497)	(4,326)	(94,245)	(138,068)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1997	520,717	330,216	157,116	1,008,049
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 February 1996	349,011	230,953	125,279	705,243
Charge for year	87,382	32,047	31,870	151,299
Disposals	(34,289)	(4,439)	(51,774)	(90,502)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1997	402,104	258,561	105,375	766,040
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 January 1997	118,613	71,655	51,741	242,009
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	128,296	47,984	96,653	272,933
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value above includes £Nil (1996: £37,991) in respect of assets held under finance leases and hire purchase contracts.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

10. Investments held as fixed assets

	Shares in group undertakings - Subsidiaries £	Loans to group undertakings - Subsidiaries £	Provision against loan to group companies - Subsidiary £	Total £
At 31 January 1996	15	106,690	(62,887)	43,818
Net movement in year	-	-	(2,502)	(2,502)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1997	15	106,690	(65,389)	41,316
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 January 1997 the company had the following subsidiary undertakings:-

Company	Country of Incorporation	Activity	Proportion of Ordinary Shares held	Aggregate amount of share capital and reserves	Profit/(loss) for year
Usborne Publishing Inc	U.S.A.	Non-trading	100%	see below	see below
Usborne Books at Home Limited	England	Dormant	100%	£2	£-
Usborne Music Publishing Limited	England	Dormant	100%	£2	£-
Usborne Reference Publishing Limited	England	Dormant	100%	£2	£-
Usborne Education Limited	England	Dormant	100%	£2	£-

Usborne Books at Home Limited, Usborne Music Publishing Limited, Usborne Reference Publishing Limited and Usborne Education Limited have not traded.

The accounts of these companies and Usborne Publishing Inc have been omitted from group accounts since in the opinion of the Directors their inclusion is not material for the purpose of giving a true and fair view.

Additional information in respect of Usborne Publishing Inc.	£	£
Cost		
Share of undistributed post acquisition losses at 1 February 1996	(60,051)	6
Profit retained for the year	-	
Exchange differences	3,416	
	<hr/>	(56,635)
		<hr/>
Balance at 31 January 1997		£ (56,629)
		<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

11.	Stocks	1997 £	1996 £
	Paper	12,660	8,007
	Work in progress	859,132	614,933
	Finished goods	1,891,877	1,895,013
		<hr/>	<hr/>
		2,763,669	2,517,953
		<hr/>	<hr/>
12.	Debtors	£	£
	Trade debtors	4,871,705	5,643,707
	Other debtors	78,773	6,073
	Prepayments and accrued income	134,179	91,701
		<hr/>	<hr/>
		5,084,657	5,741,481
		<hr/>	<hr/>
13.	Investments	£	£
	Listed investments - at cost (Market value £95,624; 1996 £405,658)	9,905	19,817
		<hr/>	<hr/>
14.	Creditors: Amounts falling due within one year	£	£
	Obligations under finance leases and hire purchase contracts (note 16)	-	13,559
	Trade creditors	2,234,014	3,124,517
	Bills of exchange payable	457,624	349,113
	Amounts due to subsidiary undertakings	41,209	36,783
	Corporation tax	252,308	500,070
	Other taxation and social security	102,002	110,063
	Other creditors	133,371	195,068
	Accruals and deferred income	776,347	800,657
		<hr/>	<hr/>
		3,996,875	5,129,830
		<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

15.	Creditors: Amounts falling due after more than one year	1997 £	1996 £
	Obligations under finance lease and hire purchase contracts (note 16)	-	3,704
		<hr/>	<hr/>
16.	Obligations under finance lease and hire purchase contracts	£	£
	Due within one year (note 14)	-	13,559
	Due within two to five years (note 15)	-	3,704
		<hr/>	<hr/>
		-	17,263
		<hr/>	<hr/>
17.	Reserves		Profit and loss account £
	Balance at 1 February 1996		3,154,148
	Retained profit for the year		474,613
			<hr/>
	Balance at 31 January 1997		3,628,761
			<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

18. Reconciliation of movements in shareholders' funds	1997	1996
	£	£
Profit for the financial year	474,613	957,397
Opening shareholders' funds	5,623,567	4,666,170
	<hr/>	<hr/>
Closing shareholders' funds	<u>£ 6,098,180</u>	<u>£ 5,623,567</u>
	<hr/>	<hr/>
19. Called up share capital		
	£	£
Authorised:		
7,375 "A" Ordinary shares of £1 each	7,375	7,375
2,625 "B" Ordinary shares of £1 each	2,625	2,625
9,950 undesignated shares of £1 each	9,950	9,950
	<hr/>	<hr/>
	19,950	19,950
	<hr/>	<hr/>
Allotted and fully paid		
7,375 "A" Ordinary shares of £1 each	7,375	7,375
2,625 "B" Ordinary shares of £1 each	2,625	2,625
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>

The "A" shares and "B" shares rank pari passu in all respects except that the "A" shares carry the right to payment of the first £1,000,000 of dividends declared by the company.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1997 (continued)

20. Commitments

At 31 January 1997 the company had outstanding forward foreign exchange contracts totalling £3,754,843 (1996: £3,937,193).

21. Operating lease commitments

At 31 January 1997 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings £	Other £
Leases which expire:		
Within 2-5 years	11,075	9,029
After 5 years	270,565	-
	<hr/>	<hr/>
	281,640	9,029
	<hr/>	<hr/>