USBORNE PUBLISHING LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 JANUARY 2018

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COMPANIES HOUSE

USBORNE PUBLISHING LIMITED

DIRECTORS AND ADVISERS

DIRECTORS	T.P. Usborne R.M. Robinson
SECRETARY	A. Parsons
REGISTERED OFFICE	Usborne House 83-85 Saffron Hill London EC1N 8RT
BANKERS	National Westminster Bank plc 1 Princes Street London EC2R 8PA
AUDITORS	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
ACCOUNTANTS AND TAX ADVISERS	Smith & Williamson LLP Accountants 25 Moorgate London EC2R 6AY
SOLICITORS	Davenport Lyons 1 Old Burlington Street London W1X 1LA
COMPANY'S REGISTERED NUMBER	1124359

CONTENTS

USBORNE PUBLISHING LIMITED

STRATEGIC REPORT

The directors present the strategic report for Usborne Publishing Limited for the year ended 31 January 2018.

Activities

The principal activity of the company continued to be publishing.

Review of business and future developments

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.

The principal risks and uncertainties facing the company are considered to be:

a) Demographic - falls in birth rates may affect the overall size of the markets in which the company operates.

b) The company has to replace a certain proportion of its product list each year and, in a very competitive market, the new product may not be successful.

c) A significant proportion of the company's product is sourced and sold overseas and costs and revenues are therefore at risk from adverse currency exchange movements.

d) Books are a mature leisure market and have to compete with an ever-increasing electronic leisure sector, so publishing may attract a lower share of leisure expenditure.

e) The major physical raw material is paper which can be subject to cyclical variation in availability and competing requirements from sectors other than book publishing.

The company reviews the following key performance indicators to aid assessment of the performance of the business:

Financial:

a) Year on year turnover growth is a 7.74% decrease in 2018 against a 31.5% increase in 2017

b) Gross profit margin is 41.35% in 2018 against 38.47% in 2017

c) Return on capital is 15.75% in 2018 against 20.5% in 2017

d) Sales per employee are £287,568 in 2018 against £323,184 in 2017

e) Average salary per employee is £41,218 in 2018 against £41,101 in 2017

f) Current ratio of assets to liabilities is 4.72 in 2018 against 5.15 in 2017

g) Debtor collection period (in days) is 106 in 2018 against 110 in 2017

h) Stock turnover period (in months) is 6.0 in 2018 against 5.2 in 2017

The unusually good performance in the prior financial year was due to an unexpected surge in overseas buying.

Review of business and future developments (continued)

Non-financial

a) New titles added to the list in the year are 350 in 2018

b) Recycling of paper was at the same level of 287,000 litres in 2018 and in 2017

c) Recycling of packaging increased in 2018 to 374 tons from 340 tons in 2017

d) Hazardous waste (IT equipment) of 280kg compared with 270kg in 2017 was recycled

Financial risk management

Details of the company's financial instruments and its policies with regard to financial risk management are given in note 23 to the financial statements.

Approved by the Board of Directors on 30/10/18
and signed on their behalf

A Parsons
Secretary

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31 January 2018.

Results for the year and dividends

The profit for the year after taxation was £7,143,326 (2017: £8,463,075). On 10th July 2017, the company declared and paid a dividend of £3,500,000 (2017: £2,900,000), of which £2,581,250 (2017: £2,138,750) was in respect of the 'A' ordinary shares and the balance of £918,750 (2017: £761,250) was in respect of the 'B' ordinary shares.

On 10th April 2018 the company declared a dividend of £5,000,000.

Directors

The directors of the company at 31 January 2018, both of whom served throughout the year were:

T.P. Usborne
R.M. Robinson

Charitable donations

During the year the company made donations for charitable purposes amounting to £87,735 (2017: £137,515).

The company also donates books which are not considered saleable to charities in Africa.

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- So far as that director was aware there was no relevant audit information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditors

A resolution for the re-appointment of Nexia Smith & Williamson will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on their behalf

A Parsons
Secretary
Date: 30/10/18

USBORNE PUBLISHING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USBORNE PUBLISHING LIMITED

Opinion

We have audited the financial statements of Usborne Publishing Limited (the 'company') for the year ended 31 January 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, the notes to the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Strategic report and the Directors' report, other than the Report and Financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USBORNE PUBLISHING LIMITED (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USBORNE PUBLISHING LIMITED (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Nexia Smith & Williamson

Keith Jackman
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor

25 Moorgate
London
EC2R 6AY

Date: 31/10/2018

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 JANUARY 2018

	Notes	2018	2017
		£	£
Turnover	3	72,754,805	78,856,818
Cost of sales		(42,672,513)	(48,518,992)
Gross profit		30,082,292	30,337,826
Distribution costs		(3,080,690)	(2,796,529)
Administrative expenses		(18,237,936)	(16,906,737)
Other operating income	4	1,797	4,670
Operating profit	7	8,765,463	10,639,230
Interest receivable		38,123	66,622
Interest payable	8	-	(1,015)
Profit before taxation		8,803,586	10,704,837
Taxation	9	(1,660,260)	(2,241,762)
Profit and total comprehensive income for the financial year		7,143,326	8,463,075

Profit and total comprehensive income is attributable to the shareholders.

USBORNE PUBLISHING LIMITED Registered number 1124359

BALANCE SHEET as at 31 JANUARY 2018

	Notes	2018	2017
		£	£
Fixed assets			
Tangible	11	452,023	397,265
Investments	12	15	15
		452,038	397,280
Current assets			
Stocks	13	21,649,223	21,044,578
Debtors	14	21,741,820	24,577,503
Investments	15	9,905	9,905
Cash at bank and in hand		27,538,113	19,174,893
		70,939,061	64,806,879
Creditors: amounts falling due within one year	16	(15,036,268)	(12,589,735)
Net current assets		55,902,793	52,217,144
Total assets less current liabilities		56,354,831	52,614,424
Provisions for liabilities	17	(461,755)	(364,674)
Net assets		55,893,076	52,249,750
Capital and reserves			
Share capital	18	10,000	10,000
Share premium		2,448,469	2,448,469
Capital reserve		1,000	1,000
Capital redemption reserve		9,950	9,950
Retained earnings		53,423,657	49,780,331
		55,893,076	52,249,750

The accounts were approved and authorized for issue by the Board of Directors on

30/10/18 . and were signed on its behalf by:

T.P. Usborne
Director

USBORNE PUBLISHING LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 January 2018

	Share capital	Share premium	Capital reserve	Capital redemption and reserve	Retained earnings	**Total equity**
	£	£	£	£	£	£
Balance at 1 February 2016	10,000	2,448,469	1,000	9,950	44,217,256	46,686,675
Profit and total comprehensive income for the year	-	-	-	-	8,463,075	8,463,075
Transactions with owners: Dividends					(2,900,000)	(2,900,000)
Balance at 31 January 2017	10,000	2,448,469	1,000	9,950	49,780,331	52,249,750
Profit and total comprehensive income for the year	-	-	-	-	7,143,326	7,143,326
Transactions with owners: Dividends	-	-	-	-	(3,500,000)	(3,500,000)
Balance at 31 January 2018	10,000	2,448,469	1,000	9,950	53,423,657	55,893,076

USBORNE PUBLISHING LIMITED

STATEMENT OF CASH FLOWS for the year ended 31 JANUARY 2018

	Notes	2018 £	2017 £
Net cash generated from operating activities	(a)	12,081,213	2,697,510
Investing activities			
Interest received		38,123	66,622
Purchases of tangible assets		(256,116)	(174,602)
Net cash (used in) investing activities		(217,993)	(107,980)
Financing activities			
Interest paid		-	(1,015)
Dividends paid		(3,500,000)	(2,900,000)
Net cash (used in) financing activities		(3,500,000)	(2,901,015)
Net increase/(decrease) in cash and cash equivalents		8,363,219	(311,485)
Cash and cash equivalents at beginning of the year		19,174,893	19,486,378
Cash and cash equivalents at end of end of year		27,538,112	19,174,893

USBORNE PUBLISHING LIMITED

NOTES TO STATEMENT OF CASH FLOWS for the year ended 31 JANUARY 2018

a) **Net cash generated from operating activities**	**2018**	**2017**
	£	**£**
Operating profit	8,765,463	10,639,230
Depreciation	199,663	170,241
(Increase) in stocks	(604,646)	(12,835)
Decrease/(Increase) in debtors	2,835,683	(6,925,965)
Increase in creditors	1,822,068	1,111,621
Loss on disposal of PPE	1,695	-
Cash generated from continuing operations	13,019,926	4,982,292
Tax paid	(938,713)	(2,284,782)
	12,081,213	2,697,510

1 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

Usborne Publishing Limited is a private limited company incorporated in England and Wales. The address of the registered office is Usborne House, 83-85 Saffron Hill, London, EC1N 8RT.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

The accounts have been prepared under the historical cost convention as monitored by the revaluation of certain assets in accordance with the company's accounting policies. The presentation currency is £ sterling.

Going concern

The directors have reviewed the company's forecasts and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business and net of discounts.

i) Revenue from book publishing is recognised when title passes to the customer. A provision for anticipated returns is made based primarily on historical return rates in each territory. If these do not reflect actual returns in future periods then revenues could be understated or overstated for a particular period.

ii) Revenue from sale of consignment stock is recognised on notification of the customer, and is recognised as a sale at the same point as the customer.

iii) Revenue from e-book sales is recognised when content is delivered.

Investments

Investments held as fixed assets are stated at cost less provisions for any impairment in value.

Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value after making allowance for obsolete or slow moving items. Cost is defined as direct publication costs, together with a proportion of relevant overheads. Assets held by suppliers but which are deemed in substance to be assets of the company have been included in stocks.

The company authorises a number of consignment stock arrangements. Consignment stock located at retailers stores and warehouses is included within the stock balance at year end. Once consignment stock has been sold by this customer, the customer notifies the company of the sale and the company records revenue in that accounting period.

1 **Accounting policies (continued)**

Tangible assets

Tangible assets comprise freehold property, plant, equipment and motor vehicles. Freehold property, plant, equipment and motor vehicles are stated at cost less accumulated depreciation any recognised impairment loss. Depreciation is calculated to write off the cost of fixed assets in equal annual instalments on the following bases:-

Furniture and fittings	20 to 33.3%
Computer equipment	25%

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.

Impairment of non-financial assets

At each balance sheet date, tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Foreign currency

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction.

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

At the each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange gains and losses are included within administrative expenses. Exchange differences on all other transactions are taken to operating profit.

Taxation

The tax expense represents the sum of tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

1 **Accounting policies (continued)**

Taxation (continued)

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the company become a party to the contractual provisions of the instrument.

Investments in listed shares are classified as basic financial instruments. They are initially measured at transaction price and subsequently measured at fair value, if this is a substantial movement; the changes in fair value are recognised in the Statement of Comprehensive Income. Fair value is determined using the quoted bid prices at the balance sheet date.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in the year in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Balance Sheet.

2 Key sources of estimation uncertainty and judgements

The preparation of accounts in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Bad debt provision

Trade debtors balances of £21,094,147 (2017: £23,825,959) are recorded in the company's Balance Sheet. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Stocks and work in progress provision

Provision is made against the carrying value of stocks and work in progress based upon the age and the amount of stock held. Whilst every attempt is made to ensure that stocks and work in progress is valued at the lower of cost and net realisable value, there remains a risk that it may be valued at more than the lower of cost and net realisable value.

3 Turnover

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

Geographical analysis of turnover:

	2018	**2017**
	£	**£**
U.K	26,126,544	23,357,394
Overseas	46,628,261	55,499,424
	72,754,805	78,856,818

4 Other operating income

	2018 £	2017 £
Dividends receivable	1,797	4,670

5 Employees

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

	Number	Wages and salaries £	Social security £	Pension costs £	Total £
Year ended 31 January, 2018	253	10,428,223	1,036,830	1,007,477	12,472,530
Year ended 31 January, 2017	244	10,028,604	996,612	947,423	11,972,639

The average monthly number of employees during the year was as follows:

	2018 No.	2017 No.
Administration	25	28
Editorial and production	157	138
Sales	71	78
	253	244

6 Directors' emoluments

	2018 £	2017 £
Aggregate emoluments	169,944	155,161

7 Operating profit

is stated after charging/(crediting):

	2018 £	2017 £
Operating lease rentals		
- Hire of plant and machinery	34,912	30,368
- Other	647,168	602,499
Auditors' remuneration - audit	64,971	62,610
- taxation services (paid to related company of the auditors)	22,950	15,450
Write down of stock	2,016,782	1,418,217
Foreign exchange (profit)	(208,860)	(1,449,252)
Stock taken to cost of sales	2,512,643	1,952,977

8 Interest payable

	2018 £	2017 £
Bank interest	-	1,015

9 Taxation

	2018 £	2017 £
UK corporation tax based on the profit for the year at 19.16% (2017: 20%)	1,693,268	2,251,537
Adjustment in respect of prior years	(38,745)	-
Total current tax charge	1,654,523	2,251,537
Deferred tax (see note 21)	5,737	(9,775)
Tax on profit on ordinary activities	1,660,260	2,241,762

Tax reconciliation

	2018 £	2017 £
Profit on ordinary activities before tax	8,803,586	10,704,837
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.16% (2017: 20%)	1,688,053	2,140,968
Tax effects of:		
Expenses not deductible for tax purposes	6,198	9,507
Other short term timing differences	-	92,081
Fixed asset differences	5,828	3,166
Income not taxable for tax purposes	(344)	(934)
Adjust rate of opening deferred tax	(4,863)	-
Adjust rate of closing deferred tax	4,133	6,749
Adjustment in respect of prior years	(38,745)	-
Total current tax charge	1,660,260	2,251,537

The UK Government has announced future tax changes to the corporation tax rate. These changes resulted in a decrease in the standard rate of corporation tax to 19% for the 2017/18, 2018/19 and 2019/20 tax years and eventually culminating in a rate of 17% by 2020/21.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 JANUARY 2018 (continued)

10 Dividends paid

	2018 £	2017 £
£290 dividend per 'A' ordinary share	2,581,250	2,138,750
£290 dividend per 'B' ordinary share	918,750	761,250
	3,500,000	2,900,000

11 Tangible fixed assets

	Computer equipment £	Furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 February 2017	1,166,779	461,088	130,248	1,758,115
Additions	114,374	141,742	-	256,116
Disposals	(707,845)	(188,660)	-	(896,505)
At 31 January 2018	573,308	414,170	130,248	1,117,726
Depreciation				
At 1 February 2017	952,127	320,795	87,928	1,360,850
Charge for year	112,572	66,762	20,329	199,663
Disposals	(706,163)	(188,647)	-	(894,810)
At 31 January 2018	358,536	198,910	108,257	(665,703)
Net book value				
At 31 January 2018	214,772	215,260	21,991	452,023
At 31 January 2017	214,652	140,293	42,320	397,265

12 Investments held as fixed assets

	Shares in group undertakings - subsidiaries £
At 31 January 2017 and 31 January 2018	15

At 31 January 2018 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 for the year
Usborne Publishing Inc	U.S.A	Non-trading	100%	See below	See below
Usborne Books at Home Limited	England	Dormant	100%	£2	£nil
Usborne Music Publishing Limited	England	Dormant	100%	£2	£nil
Usborne Reference Publishing Limited	England	Dormant	100%	£2	£nil
Usborne Education Limited	England	Dormant	100%	£2	£nil

Usborne Books at Home Limited, Usborne Music Publishing Limited, Usborne Reference Publishing Limited and Usborne Education Limited have not traded. The registered address is 83-85 Saffron Hill, London, EC1N 8RT.

Usborne Publishing Inc has been omitted from group accounts since in the opinion of the Directors, its inclusion is not material for the purpose of giving a true and fair view. Usborne Publishing Inc has ceased trading. The registered address is 801 Adlai Stevenson Drive, Springfield, Illinois, 62703-4261 Sangamon.

12 Investments held as fixed assets (continued)

Additional information in respect of Usborne Publishing Inc.	£
Share of undistributed post incorporation losses at 1 February 2017	(72,823)
Loss retained in the year	(8,809)
Balance at 31 January 2018	(81,632)

13 Stocks

	2018	2017
	£	£
Work in progress	1,784,509	1,430,167
Finished goods	19,864,714	19,614,411
	21,649,223	21,044,578

14 Debtors

	2018	2017
	£	£
Trade debtors	21,094,147	23,825,959
Other debtors	270,260	393,606
Prepayments and accrued income	377,413	357,938
	21,741,820	24,577,503

15 Investments

	2018	2017
	£	£
Listed investments - at cost (Market value 2018: £180,281 (2017: £139,514))	9,905	9,905

16 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	9,357,150	8,594,384
Corporation tax	1,031,687	310,140
Other creditors	2,762,630	1,795,994
Social security and other taxation	273,200	254,318
Accruals and deferred income	1,601,608	1,630,643
Deferred tax (note 21)	9,993	4,256
	15,036,268	12,589,735

17 Provisions for liabilities

	2018	2017
	£	£
Dilapidations provision		
As at 1 February	364,674	364,674
Increase in provision	97,081	-
As at 31 January	461,755	364,674

18 Called up share capital

	2018	2017
	£	£
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
	10,000	10,000

The 'A' shares and 'B' shares rank pari passu in all respects.

19 Reserves

A description of each reserve is set out below.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

Capital reserve

The capital reserve is a non-distributable reserve.

Capital redemption reserve

The capital redemption reserve represents the nominal value of the shares which were cancelled and redeemed out of distributable profits.

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

20 Operating lease commitments

At the balance sheet date the company had total lease payments under non-cancellable leases as follows:

	2018 £	2017 £
Due:		
Within one year	624,034	621,530
Within two to five years	2,473,639	2,248,537
After five years	1,170,100	1,297,146
	4,267,773	4,167,213

21 Deferred taxation

The amount of recognised deferred tax liability is as follows:

	2018 £	2017 £
Accelerated capital allowances	(33,816)	(23,829)
Other timing differences	23,823	19,573
	(9,993)	(4,256)

Movement in deferred taxation

At 1 February 2017	(4,256)
Profit and loss account (note 9)	(5,737)
At 31 January 2018 (note 16)	(9,993)

22 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. In the opinion of the board the company's key management are the directors and Nicola Usborne.

	2018 £	2017 £
Total compensation to key management personnel	299,966	250,842

	2018 £	2017 £
Dividends paid to key management personnel	2,581,250	2,138,750

At 31 January 2018 the ultimate controlling party was T.P. Usborne, a shareholder and director of the company.

23 Financial instruments

The company's financial instruments comprise cash and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations.

The company's operations expose it to a variety of financial risks including credit risk, liquidity risk and foreign currency exchange rate risk.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is regularly considered by the board.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The company maintains sufficient funds for its operations.

The company's financial liabilities comprise trade creditors. They are measured at amortised cost.

Foreign currency exchange rate risk

The company is exposed to foreign exchange rate risk as a result of trade debtors and trade creditors which will be settled in foreign currencies. The company has no material financial exposure to foreign exchange gains and losses on financial assets and liabilities at the year end and does not hedge any of its trading activities.

24 Post balance sheet events

On 10th April 2018 the Company declared a dividend of £5,000,000.