

1124359

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS

for the year ended

31 JANUARY 2000



USBORNE PUBLISHING LIMITED

DIRECTORS

T.P. Usborne
R.M. Robinson

ASSOCIATE DIRECTORS

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

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 2000

CONTENTS	Pages
Directors' report	3 - 4
Statement of directors' responsibilities in respect of the accounts	5
Auditors' report	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9 - 10
Notes to the accounts	11 - 19

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts of the company for the year ended 31 January 2000.

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 £831,189 (1999: £450,184).

The directors do not recommend the payment of a dividend in respect of the year ended 31 January 2000.

Directors

The directors of the company at 31 January 2000, both of whom 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 2000	31 January 1999
T.P. Usborne	7,375	7,375
R.M. Robinson	-	-
	<hr/> <hr/>	<hr/> <hr/>

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (continued)

Charitable donations

During the year the company made donations for charitable purposes amounting to £945 (1999:£8,844).

Auditors

A resolution to reappoint 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.

The
Smith & Williamson
— • G r o u p • —

AUDITORS' REPORT TO THE SHAREHOLDERS OF USBORNE PUBLISHING LIMITED

We have audited the accounts on pages 7 to 19, 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Smith & Williamson

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

No 1 Riding House Street
London W1A 3AS

24 November 2000

USBORNE PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 JANUARY 2000

	Notes	2000 £	1999 £
Turnover	2	13,037,992	10,872,927
Cost of sales		(8,190,982)	(6,547,396)
Gross profit		4,847,010	4,325,531
Distribution costs		(681,044)	(495,913)
Administrative expenses		(3,769,403)	(4,153,480)
Other operating income	3	750,463	815,139
Operating profit	6	1,147,026	491,277
Interest receivable		54,285	166,011
Provision against investments	10	580	(192)
Interest payable	7	(702)	(1,912)
Profit on ordinary activities before taxation		1,201,189	655,184
Taxation	8	(370,000)	(205,000)
Retained profit for the financial year	15	831,189	450,184

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 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible	9	261,092	344,424
Investments	10	40,883	40,303
		<hr/>	<hr/>
		301,975	384,727
		<hr/>	<hr/>
Current assets			
Stocks	11	5,571,699	5,011,564
Debtors	12	3,855,514	3,729,446
Investments	13	9,905	9,905
Cash at bank and in hand		1,707,169	1,070,561
		<hr/>	<hr/>
		11,144,287	9,821,476
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	(3,605,012)	(3,196,142)
		<hr/>	<hr/>
Net current assets		7,539,275	6,625,334
		<hr/>	<hr/>
Net assets		7,841,250	7,010,061
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	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	15	5,371,831	4,540,642
		<hr/>	<hr/>
Shareholders' funds	16	7,841,250	7,010,061
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 21st November 2000

Signed on behalf of the Board of Directors


T.P. Usborne - Director

USBORNE PUBLISHING LIMITED

CASH FLOW STATEMENT for the year ended 31 JANUARY 2000

	Notes	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	(a)	715,352	(1,060,982)
Returns on investments and servicing of finance			
Interest received		54,285	166,011
Interest paid		(702)	(1,912)
Net cash inflow from returns on investments and servicing of finance		53,583	164,099
Taxation			
UK taxation paid		(56,335)	(540,079)
Overseas taxation paid		(5,789)	(9,665)
Net cash outflow on taxation		(62,124)	(549,744)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(86,903)	(233,438)
Proceeds from sale of tangible fixed assets		16,700	20,464
Net cash outflow from capital expenditure and financial investment		(70,203)	(212,974)
Net cash inflow/(outflow) before financing		636,608	(1,659,601)
Equity dividends paid			
Dividend payment		-	(500,000)
Increase/(decrease) in cash	(b), (c)	636,608	(2,159,601)

USBORNE PUBLISHING LIMITED

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 JANUARY 2000

a)	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2000 £	1999 £
	Operating profit	1,147,026	491,277
	Depreciation	164,044	182,301
	Profit on sale of tangible fixed assets	(10,509)	(14,584)
	Increase in stocks	(560,135)	(2,056,814)
	(Increase)/decrease in debtors	(126,068)	286,981
	Increase in creditors	100,994	49,857
		<hr/>	<hr/>
	Net cash inflow/(outflow) from operating activities	715,352	(1,060,982)

b)	Reconciliation of net cash flow to movement in net debt	£	£
	Cash at 1 February 1999	1,070,561	3,230,162
	Net cash inflow/(outflow)	636,608	(2,159,601)
		<hr/>	<hr/>
	Cash at 31 January 2000	1,707,169	1,070,561

c)	Analysis of net debt	At 1 February 1999 £	Cashflow £	At 31 January 2000 £
	Cash in hand and bank	1,284,093	686,394	1,970,487
	Overdraft	(213,532)	(49,786)	(263,318)
		<hr/>	<hr/>	<hr/>
		1,070,561	636,608	1,707,169

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000

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 any impairment 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:-

Furniture and equipment, fixtures and fittings	- 20%
Computer equipment	- 25%
Book fair stand	- 33 1/3%

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 2000 (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 where the forward rate is used. 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

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:-

	2000 £	1999 £
U.K	5,579,240	4,656,928
Overseas	7,458,752	6,215,999
	<hr/>	<hr/>
	13,037,992	10,872,927
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (continued)

3. Other operating income	2000 £	1999 £
Royalties receivable	749,969	814,901
Dividends receivable	494	238
	<u>750,463</u>	<u>815,139</u>

4. 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, 2000	107	2,276,174	230,498	79,383	2,586,055
	<u>106</u>	<u>2,141,861</u>	<u>209,812</u>	<u>77,711</u>	<u>2,429,384</u>
Year ended 31 January, 1999	106	2,141,861	209,812	77,711	2,429,384
	<u>106</u>	<u>2,141,861</u>	<u>209,812</u>	<u>77,711</u>	<u>2,429,384</u>

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

	No.	No.
Administration	15	14
Editorial and production	59	61
Sales	33	31
	<u>107</u>	<u>106</u>

5. Directors' emoluments	2000 £	1999 £
Aggregate emoluments	<u>116,829</u>	<u>108,922</u>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (continued)

6.	Operating profit	2000	1999
	is stated after charging/(crediting):	£	£
	Operating lease rentals		
	- Hire of plant and machinery	12,708	8,593
	- Other	286,550	282,953
	Depreciation	164,044	182,301
	Auditors' remuneration - audit	32,000	32,000
	Foreign exchange gains	(126,609)	(28,789)
		<hr/>	<hr/>
7.	Interest payable	2000	1999
		£	£
	Bank interest	702	1,269
	Interest on other loan	-	643
		<hr/>	<hr/>
		702	1,912
		<hr/>	<hr/>
8.	Taxation	2000	1999
		£	£
	Corporation tax based on the profits for the year at 30% (1999: 31%)	368,649	183,000
	Prior year under provision	1,351	22,000
		<hr/>	<hr/>
		370,000	205,000
		<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (continued)

9. Tangible fixed assets

	Computers	Furniture and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 1999	704,030	369,489	188,896	1,262,415
Additions	30,671	15,052	41,180	86,903
Disposals	(27,154)	(26,632)	(39,108)	(92,894)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2000	707,547	357,909	190,968	1,256,424
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 February 1999	515,023	317,301	85,667	917,991
Charge for year	96,882	26,058	41,104	164,044
Disposals	(27,073)	(26,632)	(32,998)	(86,703)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2000	584,832	316,727	93,773	995,332
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 January 2000	122,715	41,182	97,195	261,092
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1999	189,007	52,188	103,229	344,424
	<hr/>	<hr/>	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (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 1 February 1999	15	106,690	(66,402)	40,303
Net movement in year	-	-	580	580
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2000	15	106,690	(65,822)	40,883
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 January 2000 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 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.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (continued)

10 Investments held as fixed assets (continued)

Additional information in respect of Usborne Publishing Inc.	£	£
Cost		6
Share of undistributed post acquisition losses at 1 February 1999	(55,239)	
Loss retained for the year	(795)	
	<hr/>	(56,034)
Balance at 31 January 2000		(56,028)
		<hr/> <hr/>

11. Stocks	2000 £	1999 £
Paper	7,895	11,030
Work in progress	1,261,535	1,745,125
Finished goods	4,302,269	3,255,409
	<hr/>	<hr/>
	5,571,699	5,011,564
	<hr/>	<hr/>

12. Debtors	£	£
Trade debtors	3,669,663	3,536,731
Other debtors	57,767	73,131
Prepayments and accrued income	128,084	119,584
	<hr/>	<hr/>
	3,855,514	3,729,446
	<hr/>	<hr/>

13. Investments	£	£
Listed investments – at cost (Market value £47,310, 1999 £38,574)	9,905	9,905
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (continued)

14. Creditors: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	2,109,226	1,995,966
Bills of exchange payable	55,899	15,909
Amounts due to subsidiary undertakings	25,081	36,123
Corporation tax	355,500	47,624
Other taxation and social security	83,340	84,090
Other creditors	146,666	237,676
Accruals and deferred income	829,300	778,754
	<hr/>	<hr/>
	3,605,012	3,196,142
	<hr/>	<hr/>

15. Profit and loss account

	£
Balance at 1 February 2000	4,540,642
Retained profit for the year	831,189
	<hr/>
	5,371,831
	<hr/>

16. Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	831,189	450,184
	<hr/>	<hr/>
Net increase in shareholders' funds	831,189	450,814
Opening shareholders' funds	7,010,061	6,559,877
	<hr/>	<hr/>
Closing shareholders' funds	7,841,250	7,010,061
	<hr/>	<hr/>

All attributable to equity interests.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2000 (continued)

17. Called up share capital	2000 £	1999 £
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.

18. Commitments

At 31 January 2000 the company had outstanding forward foreign exchange contracts totalling £676,334 (1999: £781,819).

19. Operating lease commitments

At 31 January 2000 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	25,091	12,708
After 5 years	290,969	-
	<hr/>	<hr/>
	316,060	12,708
	<hr/>	<hr/>