

1124359

**USBORNE PUBLISHING LIMITED**

**REPORT AND ACCOUNTS**

**for the year ended**

**31 JANUARY 2003**



# USBORNE PUBLISHING LIMITED

## DIRECTORS

T.P. Usborne  
R.M. Robinson

## ASSOCIATE DIRECTORS

D.P. Harte  
L. Hunt  
R. Jones  
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

Nexia Audit Limited  
Chartered Accountants  
No 1 Riding House Street  
London W1A 3AS

## ACCOUNTANTS AND TAX ADVISERS

Smith & Williamson Limited  
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 2003**

<b>CONTENTS</b>	<b>Pages</b>
Directors' report	3
Statement of directors' responsibilities in respect of the accounts	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8 - 9
Notes to the accounts	10 - 18

# **USBORNE PUBLISHING LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the accounts of the company for the year ended 31 January 2003.

### **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 £1,355,228 (2002: £932,193). The directors do not recommend the payment of a final dividend in respect of the year ended 31 January 2003 (2002: £nil).

### **Directors**

The directors of the company at 31 January 2003, 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:-

	<b>Number of A ordinary £1 shares</b>	
	<b>31 January 2003</b>	<b>31 January 2002</b>
T.P. Usborne	7,375	7,375
R.M. Robinson	-	-
	<hr/>	<hr/>


### **Charitable donations**

During the year the company made donations for charitable purposes amounting to £21,616 (2002: £8,904).

### **Auditors**

A resolution to appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

**Approved by the Board of Directors  
And signed on their behalf**

  
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 year. 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.

# Nexia Audit

— Limited —

## Independent auditors' report to the shareholders of Usborne Publishing Limited

We have audited the accounts of Usborne Publishing Limited for the year ended 31 January 2003 on pages 6 to 18. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 January 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Nexia Audit Limited*

**NEXIA AUDIT LIMITED**

Chartered Accountants

Registered Auditors

No 1 Riding House Street

London W1A 3AS

Date *26 November 2003*

**USBORNE PUBLISHING LIMITED**

**PROFIT AND LOSS ACCOUNT for the year ended 31 JANUARY 2003**

	Notes	2003 £	2002 £
Turnover	2	20,036,395	16,542,868
Cost of sales		(12,796,612)	(10,795,225)
<b>Gross profit</b>		<b>7,239,783</b>	<b>5,747,643</b>
Distribution costs		(660,220)	(565,519)
Administrative expenses		(4,708,621)	(4,059,864)
Other operating income	3	911	645
<b>Operating profit</b>	6	<b>1,871,853</b>	<b>1,122,905</b>
Interest receivable		50,090	81,323
Provision against investments		352	1,532
Interest payable	7	(1,474)	(1,976)
<b>Profit on ordinary activities before taxation</b>		<b>1,920,821</b>	<b>1,203,784</b>
Taxation	8	(565,593)	(271,591)
<b>Profit on ordinary activities after taxation</b>		<b>1,355,228</b>	<b>932,193</b>
Dividends		-	(500,000)
<b>Retained profit for the financial year</b>	15	<b>1,355,228</b>	<b>432,193</b>

All the company's activities are classed as continuing and there are no recognised gains or losses in either year other than the profit for the year.

# USBORNE PUBLISHING LIMITED

## BALANCE SHEET as at 31 JANUARY 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible	9	313,833	245,658
Investments	10	15	46,846
		<hr/>	<hr/>
		313,848	292,504
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	11	10,030,807	7,013,207
Debtors	12	7,085,972	4,898,356
Investments	13	9,905	9,905
Cash at bank and in hand		1,657,651	1,908,094
		<hr/>	<hr/>
		18,784,335	13,829,562
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	14	(8,507,356)	(4,886,467)
		<hr/>	<hr/>
<b>Net current assets</b>		10,276,979	8,943,095
		<hr/>	<hr/>
<b>Net assets</b>		10,590,827	9,235,599
		<hr/>	<hr/>
<b>Capital and reserves</b>			
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	8,121,408	6,766,180
		<hr/>	<hr/>
<b>Shareholders' funds</b>	16	10,590,827	9,235,599
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 24-11-03

Signed on behalf of the Board of Directors



T.P. Usborne – Director



**USBORNE PUBLISHING LIMITED**

**CASH FLOW STATEMENT for the year ended 31 JANUARY 2003**

	Notes	2003 £	2002 £
<b>Net cash inflow from operating activities</b>	(a)	277,366	318,343
<hr/>			
<b>Returns on investments and servicing of finance</b>			
Interest received		50,090	81,323
Interest paid		(1,474)	(1,976)
<hr/>			
<b>Net cash inflow from returns on investments and servicing of finance</b>		48,616	79,347
<hr/>			
<b>Taxation</b>			
UK taxation paid		(356,140)	(413,329)
Overseas taxation paid		(2,470)	(4,799)
<hr/>			
<b>Net cash outflow on taxation</b>		(358,610)	(418,128)
<hr/>			
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(238,515)	(177,445)
Proceeds from sale of tangible fixed assets		20,700	17,810
<hr/>			
<b>Net cash outflow from capital expenditure and financial investment</b>		(217,815)	(159,635)
<hr/>			
<b>Equity dividends paid</b>			
Dividend paid		-	(500,000)
<hr/>			
<b>Decrease in cash</b>	(b), (c)	(250,443)	(680,073)
<hr/>			

**USBORNE PUBLISHING LIMITED**

**NOTES TO THE CASH FLOW STATEMENT for the year ended 31 JANUARY 2003**

a)	<b>Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>	
	Operating profit	1,871,853	1,122,905	
	Depreciation	137,070	147,188	
	Loss on sale of tangible fixed assets	12,570	1,129	
	Increase in stocks	(3,017,600)	(820,496)	
	Increase in debtors	(2,179,589)	(842,163)	
	Increase in creditors	3,453,062	709,780	
		<hr/>	<hr/>	
	Net cash inflow from operating activities	277,366	318,343	
		<hr/>	<hr/>	
b)	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>£</b>	<b>£</b>	
	Cash at 1 February 2002	1,908,094	2,588,167	
	Net cash outflow	(250,443)	(680,073)	
		<hr/>	<hr/>	
	Cash at 31 January 2003	1,657,651	1,908,094	
		<hr/>	<hr/>	
c)	<b>Analysis of net funds</b>			
	<b>At 1 February</b> <b>2002</b> <b>£</b>	<b>Cashflow</b> <b>£</b>	<b>At 31 January</b> <b>2003</b> <b>£</b>	
	Cash at bank and in hand	2,130,281	91,053	2,221,334
	Overdraft	(222,187)	(341,496)	(563,683)
	<hr/>	<hr/>	<hr/>	
	1,908,094	(250,443)	1,657,651	
	<hr/>	<hr/>	<hr/>	

## **USBORNE PUBLISHING LIMITED**

### **NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003**

#### **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. Assets held by suppliers but which are deemed in substance to be assets of the company have been included in stocks.

##### **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 2003 (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 tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, if on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

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

Geographical analysis of turnover:

	2003 £	2002 £
U.K	8,017,239	7,224,944
Overseas	12,019,156	9,317,924
	<hr/>	<hr/>
	20,036,395	16,542,868
	<hr/>	<hr/>

**USBORNE PUBLISHING LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003 (continued)**

<b>3. Other operating income</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Dividends receivable	911	645
	<hr/>	<hr/>

**4. Employees**

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

	<b>Number</b>	<b>Wages and salaries £</b>	<b>Social security £</b>	<b>Pension costs £</b>	<b>Total £</b>
Year ended 31 January, 2003	140	3,397,034	327,674	124,638	3,849,346
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 31 January, 2002	129	2,924,039	296,201	107,312	3,327,552
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

	<b>2003 No.</b>	<b>2002 No.</b>
Administration	17	15
Editorial and production	82	72
Sales	41	42
	<hr/>	<hr/>
	140	129
	<hr/>	<hr/>

<b>5. Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	116,711	122,555
	<hr/>	<hr/>

# USBORNE PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003 (continued)

6.	<b>Operating profit</b> is stated after charging/(crediting):	<b>2003</b> £	<b>2002</b> £
	Operating lease rentals		
	- Hire of plant and machinery	34,803	35,581
	- Other	360,918	333,965
	Depreciation	137,070	147,188
	Auditors' remuneration - audit	41,100	39,600
	- non-audit services (paid to related companies)	10,050	19,300
	Foreign exchange gains	(79,562)	(222,475)
		<hr/>	<hr/>
7.	<b>Interest payable</b>	£	£
	Bank interest	1,474	1,976
		<hr/>	<hr/>
8.	<b>Taxation</b>	£	£
	<i>Current taxation</i>		
	UK corporation tax based on the profit for the year at 30% (2002: 30%)	562,805	355,054
	Adjustment in respect of prior years	428	(13,271)
		<hr/>	<hr/>
	Total current tax charge	563,233	341,783
	Deferred tax (see note 20)	2,360	(70,192)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	565,593	271,591
		<hr/>	<hr/>
	<b>Tax reconciliation</b>		
	Profit on ordinary activities before tax	1,920,821	1,203,784
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002:30%)	576,246	361,135
	Tax effects of:		
	Depreciation for the period in excess of capital allowances	-	1,389
	Capital allowances for period in excess of depreciation	(4,640)	-
	Other timing differences (general provision)	-	(3,442)
	Expenses not deductible for tax purposes	4,449	7,705
	Marginal relief	-	(6,934)
	Double tax relief	(13,250)	(4,799)
	Adjustment in respect of prior years	428	(13,271)
		<hr/>	<hr/>
	Total current tax charge	563,233	341,783
		<hr/>	<hr/>

**USBORNE PUBLISHING LIMITED**

**NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003 (continued)**

**9. Tangible fixed assets**

	<b>Computers</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 February 2002	670,740	391,244	181,768	1,243,752
Additions	98,039	110,671	29,805	238,515
Disposals	(112,354)	(48,105)	(57,698)	(218,157)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2003	656,425	453,810	153,875	1,264,110
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 February 2002	520,230	358,184	119,680	998,094
Charge for year	83,246	34,037	19,787	137,070
Disposals	(111,792)	(48,106)	(24,989)	(184,887)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2003	491,684	344,115	114,478	950,277
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 January 2003	164,741	109,695	39,397	313,833
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2002	150,510	33,060	62,088	245,658
	<hr/>	<hr/>	<hr/>	<hr/>

# **USBORNE PUBLISHING LIMITED**

## **NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003 (continued)**

### **10. Investments held as fixed assets**

	Shares in group undertakings - subsidiaries £
At 1 February 2002	46,846
Movement in the year	(46,831)
	<hr/>
At 31 January 2003	15
	<hr/>

At 31 January 2003 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 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 2003 (continued)**

### **10. Investments held as fixed assets (continued)**

Additional information in respect of Usborne Publishing Inc.	£
Cost	7
Share of undistributed post acquisition losses at 1 February 2002	(64,203)
Profit retained in the year	8,993
	<hr/>
Balance at 31 January 2003	(55,203)
	<hr/>

<b>11. Stocks</b>	<b>2003</b>	<b>2002</b>
	£	£
Work in progress	2,931,151	1,866,058
Finished goods	7,099,656	5,147,149
	<hr/>	<hr/>
	10,030,807	7,013,207
	<hr/>	<hr/>

<b>12. Debtors</b>	<b>£</b>	<b>£</b>
Trade debtors	6,557,976	4,282,504
Other debtors	310,263	415,130
Prepayments and accrued income	149,901	130,530
Deferred taxation (see note 20)	67,832	70,192
	<hr/>	<hr/>
	7,085,972	4,898,356
	<hr/>	<hr/>

<b>13. Investments</b>	<b>£</b>	<b>£</b>
Listed investments – at cost		
(Market value £131,379, 2002: £116,516)	9,905	9,905
	<hr/>	<hr/>

# USBORNE PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003 (continued)

14. Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	5,479,587	3,187,960
Amounts due to subsidiary undertakings	-	37,882
Corporation tax	562,805	358,182
Other taxation and social security	114,844	93,477
Other creditors	160,354	99,992
Accruals and deferred income	2,189,766	1,108,974
	<hr/>	<hr/>
	8,507,356	4,886,467
	<hr/>	<hr/>

## 15. Profit and loss account

	£
Balance at 1 February 2002	6,766,180
Retained profit for the year	1,355,228
	<hr/>
Balance at 31 January 2003	8,121,408
	<hr/>

## 16. Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	9,235,599	8,803,406
Profit for the financial year	1,355,228	432,193
	<hr/>	<hr/>
Closing shareholders' funds	10,590,827	9,235,599
	<hr/>	<hr/>

All attributable to equity interests.

# USBORNE PUBLISHING LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 2003 (continued)

17. Called up share capital	2003 £	2002 £
<b>Authorised:</b>		
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/>
<b>Allotted and fully paid</b>		
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 2003 the company had outstanding forward foreign exchange contracts totalling £300,000 (2002: £207,847).

## 19. Operating lease commitments

At 31 January 2003 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	53,966	21,359
After 5 years	325,200	-
	<hr/>	<hr/>
	379,166	21,359
	<hr/>	<hr/>

## 20. Deferred taxation

The amount of recognised deferred tax asset is as follows:

	2003 £	2002 £
Accelerated capital allowances	(61,832)	(64,192)
Other timing differences	(6,000)	(6,000)
	<hr/>	<hr/>
	(67,832)	(70,192)
	<hr/>	<hr/>