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1124359

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS

for the year ended

31 JANUARY 1996



USBORNE PUBLISHING LIMITED

DIRECTORS

T.P. Usborne
R.M. Robinson

ASSOCIATE DIRECTORS

D.M. Lowe
C.D. Rawson
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
41 Lothbury
London EC2P 2BP

AUDITORS

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

SOLICITORS

Messrs Davenport Lyons & Co
1 Old Burlington Street
London W1X 1LA

COMPANY NUMBER

1124359

USBORNE PUBLISHING LIMITED

REPORT AND ACCOUNTS for the year ended 31 JANUARY 1996

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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 1996.

Activities

The principal activity of the company continued to be publishing.

Review of affairs

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.

Profits and appropriations

The profit for the year after taxation was £957,397 (1995: £876,016).

The directors do not recommend the payment of a dividend in respect of the year ended 31 January, 1996. Retained profits of £957,397 have been transferred to reserves.

Fixed assets

Information relating to fixed assets can be found in notes 9 & 10 to the accounts.

Directors

The directors of the company at 31 January 1996, both of whom have served for the whole of the year ended on that date, are listed below:

T.P. Usborne
R.M. Robinson

Directors' interests

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

	Number of Ordinary £1 shares	
	31 January 1996	31 January 1995
T.P. Usborne	7,375 "A" shares	7,375 "A" shares
R.M. Robinson	-	-

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (Continued)

Insurance for officers

The company has purchased professional indemnity insurance to cover its officers.

Charitable donations

During the year, the company made donations for charitable purposes amounting to £4,942.

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**



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 1996 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

18 July 1996

USBORNE PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 JANUARY 1996

	Notes	1996 £	1995 £
TURNOVER	2	17,630,625	15,583,139
Cost of sales		(11,979,551)	(10,653,170)
GROSS PROFIT		5,651,074	4,929,969
Distribution costs		(336,800)	(367,205)
Administrative expenses		(4,564,997)	(4,015,806)
Other operating income	3	604,320	733,338
OPERATING PROFIT	6	1,353,597	1,280,296
Provision against investments	10	2,111	(2,927)
Interest receivable		84,344	52,542
Interest payable	7	(4,932)	(5,562)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,435,120	1,324,349
Taxation	8	(477,723)	(448,333)
RETAINED PROFIT FOR THE FINANCIAL YEAR 17		£ 957,397	£ 876,016

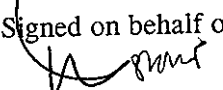
All of the company's activities are classed as continuing and the company has no recognised gains or losses other than the profit for the above two financial years.

USBORNE PUBLISHING LIMITED

BALANCE SHEET as at 31 JANUARY 1996

	Note	1996	1995
		£	£
FIXED ASSETS			
Tangible	9	272,933	290,751
Investments	10	43,818	41,707
		<hr/>	<hr/>
		316,751	332,458
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	11	2,517,953	2,252,167
Debtors	12	5,741,481	6,254,145
Investments	13	19,817	19,817
Cash at bank and in hand		2,161,099	822,741
		<hr/>	<hr/>
		10,440,350	9,348,870
CREDITORS: Amounts falling due within one year	14	(5,129,830)	(4,997,895)
		<hr/>	<hr/>
NET CURRENT ASSETS		5,310,520	4,350,975
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,627,271	4,683,433
CREDITORS: Amounts falling due after more than one year	15	(3,704)	(17,263)
		<hr/>	<hr/>
NET ASSETS		£ 5,623,567	£ 4,666,170
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	19	10,000	10,000
Share premium account	20	2,448,469	2,448,469
Capital reserve		1,000	1,000
Capital redemption reserve		9,950	9,950
Profit and loss account	17	3,154,148	2,196,751
		<hr/>	<hr/>
Shareholders' funds	18	£ 5,623,567	£ 4,666,170
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 18 July 1996

Signed on behalf of the Board of Directors
 T.P. Usborne) Director

USBORNE PUBLISHING LIMITED

CASH FLOW STATEMENT for the year ended 31 JANUARY 1996

	Notes	1996	1995
		£	£
Net cash inflow from operating activities	(a)	1,886,052	166,125
Returns on investments and servicing of finance:			
Interest received		84,344	52,542
Interest paid		(1,868)	(848)
Interest element of finance lease rental payments		(3,064)	(4,714)
Net cash inflow from returns on investment and servicing of finance		79,412	46,980
Taxation:			
UK taxation paid		(441,615)	(265,880)
Overseas taxation paid		(3,430)	(1,882)
Net cash outflow from taxation		(445,045)	(267,762)
Investing activities:			
Purchase of tangible fixed assets		(173,323)	(115,717)
Proceeds from sale of tangible fixed assets		17,746	14,710
Proceeds from sale of investments		-	21,402
Net cash outflow from investing activities		(155,577)	(79,605)
Net cash inflow/(outflow) before financing		1,364,842	(134,262)
Financing:			
Capital element of finance lease rental payments	(c)	(26,484)	(29,014)
Increase/(Decrease) in cash and cash equivalents	(b)	£1,338,358	£(163,276)

USBORNE PUBLISHING LIMITED

NOTES TO THE CASH FLOW STATEMENT for the year ended 31 JANUARY 1996

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

	1996	1995
	£	£
Operating profit	1,353,597	1,280,296
Depreciation charges	171,841	171,002
Loss/(Profit) on sale of tangible fixed assets	1,554	(3,067)
(Increase)/Decrease in stocks	(265,786)	74,378
Decrease/(Increase) in debtors	512,664	(1,927,572)
Increase in creditors excluding taxation	112,182	571,088
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 1,886,052	£ 166,125
	<hr/>	<hr/>

(b) Cash and cash equivalents

	£	£
At 1 February 1995	822,741	986,017
Net cash inflow/(outflow)	1,338,358	(163,276)
	<hr/>	<hr/>
At 31 January 1996	£ 2,161,099	£ 822,741
	<hr/>	<hr/>

(c) Analysis of obligations under finance lease and hire purchase agreements

	£	£
Balance at 1 February 1995	43,747	39,791
Inception of new obligations	-	32,970
Repayment of principal	(26,484)	(29,014)
	<hr/>	<hr/>
Balance at 31 January 1996	£ 17,263	£ 43,747
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996

1. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards. The particular 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	- Office
	- Editorial
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 credited when received.

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996 (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:-

	1996	1995
	£	£
U.K.	7,432,560	7,794,203
Export	10,198,065	7,788,936
	<hr/>	<hr/>
	£17,630,625	£ 15,583,139
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996 (Continued)

3. Other operating income	1996	1995
Royalties receivable	£ 604,320	£ 733,338

4. Employees

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

	Number	Wages and Salaries	Social Security	Pension Costs	Total Remuneration
Year ended 31 January, 1996	111	£ 1,979,944	£ 187,552	£ 74,323	£ 2,241,819
Year ended 31 January, 1995	106	£ 1,802,733	£ 172,383	£ 71,725	£ 2,046,841

5. Directors' emoluments

	1996	1995
	£	£
Remuneration	91,596	91,149
Pension costs	7,834	7,608
Medical expenses	35,000	-
	£ 134,430	£ 98,757
Remuneration of the chairman and highest paid director (excluding pension contributions)	£ 126,596	£ 91,149

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 1996 (Continued)

6. **Operating profit**

is stated after charging:-

	1996	1995
	£	£
Operating lease rentals		
- Hire of plant and machinery	12,244	11,598
- Other	260,135	259,273
Director's emoluments (note 5)	134,430	98,757
Depreciation		
- Own assets	155,405	153,346
- Assets held under finance lease and hire purchase contracts	16,436	17,656
Auditors' remuneration		
- Current year	31,500	28,400
- Prior year underprovision	1,555	377
Other services provided by auditors	14,602	9,029
Foreign exchange (gains)/ losses	(63,209)	11,401
	<hr/>	<hr/>

7. **Interest payable**

	£	£
Bank interest	1,721	796
Finance lease interest	3,064	4,714
Interest on other loans	147	52
	<hr/>	<hr/>
	£ 4,932	£ 5,562
	<hr/>	<hr/>

8. **Taxation**

	£	£
Corporation tax based on the profits for the year at 33 % (1995 33%)	505,000	475,000
Prior year overprovisions	(27,277)	(26,667)
	<hr/>	<hr/>
	£ 477,723	£ 448,333
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996 (Continued)

9. Fixed assets	Computers	Furniture and Fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 February 1995	377,894	276,326	221,538	875,758
Additions	103,520	20,798	49,005	173,323
Disposals	(4,107)	(18,187)	(48,611)	(70,905)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	477,307	278,937	221,932	978,176
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 February 1995	250,601	214,069	120,337	585,007
Eliminated in respect of disposals	(3,998)	(10,793)	(36,814)	(51,605)
Charge for year	102,408	27,677	41,756	171,841
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	349,011	230,953	125,279	705,243
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 January 1996	£128,296	£47,984	£96,653	£272,933
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1995	£127,293	£62,257	£101,201	£290,751
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value above includes £37,991 (1995 £54,427) 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 1996 (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 1995	15	106,690	(64,998)	41,707
Net movement in year	-	-	2,111	2,111
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 1996	15	106,690	(62,887)	43,818
	<hr/>	<hr/>	<hr/>	<hr/>

At 31 January 1996 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		7
Share of undistributed post acquisition losses at 1 February 1995	(57,164)	
Profit retained for the year	-	
Exchange differences	(2,894)	
	<hr/>	(60,058)
		<hr/>
Balance at 31 January 1996		£ (60,051)
		<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996 (Continued)

11. Stocks	1996	1995
	£	£
Paper	8,007	31,556
Work in progress	614,933	789,370
Finished goods	1,895,013	1,431,241
	<u>£ 2,517,953</u>	<u>£ 2,252,167</u>
12. Debtors	£	£
Trade debtors	5,643,707	6,007,671
Other debtors	6,073	152,616
Prepayments and accrued income	91,701	93,858
	<u>£ 5,741,481</u>	<u>£ 6,254,145</u>
13. Investments		
Listed investments - at cost (Market value £405,658; 1995 £200,480)	<u>£ 19,817</u>	<u>£ 19,817</u>
14. Creditors: Amounts falling due within one year	£	£
Obligations under finance leases and hire purchase contracts (note 16)	13,559	26,484
Trade creditors	3,124,517	3,356,898
Bills of exchange payable	349,113	97,011
Amounts due to subsidiary undertakings	36,783	37,885
Corporation tax	500,070	467,932
Other taxation and social security	110,063	90,369
Other creditors	195,068	101,825
Accruals and deferred income	800,657	819,491
	<u>£ 5,129,830</u>	<u>£ 4,997,895</u>

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996 (Continued)

15. **Creditors:** Amounts falling due after more than one year

1996 1995

Obligations under finance lease and hire purchase contracts (note 16)

£ 3,704

£ 17,263

16. **Obligations under finance lease and hire purchase contracts**

£

£

Gross obligations
Interest

18,358

47,907

(1,095)

(4,160)

£ 17,263

£ 43,747

Due within one year (note 14)

13,559

26,484

Due within two to five years (note 15)

3,704

17,263

£ 17,263

£ 43,747

17. **Profit and loss account**

£

£

Balance at 1 February 1995

2,196,751

1,320,735

Retained profit for the year

957,397

876,016

Balance at 31 January 1996

£ 3,154,148

£ 2,196,751

USBORNE PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 JANUARY 1996 (Continued)

18. Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Profit for the financial year	957,397	876,016
Opening shareholders' funds	4,666,170	3,790,154
	<hr/>	<hr/>
Closing shareholders' funds	<u>£ 5,623,567</u>	<u>£ 4,666,170</u>

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 1996 (Continued)

20. Share premium account

Balance at 1 February 1995 and 31 January 1996 £2,448,469

21. Commitments

At 31 January 1996 the company had outstanding forward foreign exchange contracts totalling £3,937,193 (1995: £3,612,750), and extended letters of credit to overseas suppliers amounting to nil (1995: £19,220).

There were no capital commitments (1995: £NIL).

22. Operating lease commitments

At 31 January 1996 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	5,545	7,062
After 5 years	267,687	-
	<hr/>	<hr/>
	£273,232	£7,062
	<hr/>	<hr/>