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POLITY PRESS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1994

 **Hacker
Young**
Chartered Accountants



**AUDITORS' REPORT TO THE SHAREHOLDERS OF
POLITY PRESS LIMITED**

We have audited the financial statements set out on pages 2 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Hacker Young

London

Registered Auditor

18 April 1995

Chartered Accountants

DIRECTORS' REPORT

The directors present their report with the financial statements of the company for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of editing books.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 2 of the financial statements.

DIVIDENDS

The directors recommend a dividend of £24,000 and it is proposed to carry the balance of profit for the year to reserves.

DIRECTORS

The directors in office during the year and their beneficial interests in the issued ordinary share capital were as follows:

	<u>1994</u>	<u>1993</u>
D. Held	1	1
A. Giddens	1	1
J. Thompson	1	1

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements on a going concern basis, and that applicable accounting standards have been followed.

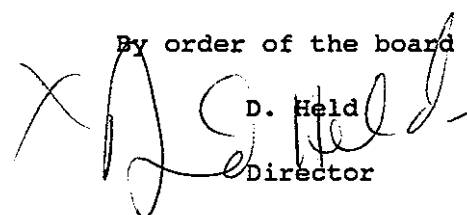
AUDITORS

The auditors, Messrs Hacker Young, will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

Registered office:

St. Alphage House
2 Fore Street
London EC2Y 5DH

By order of the board

X  X
D. Held
Director

18 April 1995

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>		<u>1993</u>
TURNOVER	2	£ 254,765	£ 241,628
Administrative expenses		189,616	187,998
		<hr/>	<hr/>
OPERATING PROFIT	3	65,149	53,630
Income from participating interest		50,000	40,000
Interest receivable and similar income	5	8,255	7,112
Interest payable	6	-	(80)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES before taxation		123,404	100,662
TAXATION	7	21,036	12,215
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES after taxation		102,368	88,447
PROPOSED DIVIDEND		24,000	24,000
		<hr/>	<hr/>
Amount set aside to reserves		78,368	64,447
RETAINED PROFIT brought forward		279,646	215,199
		<hr/>	<hr/>
RETAINED PROFIT carried forward		£ 358,014	£ 279,646
		=====	=====

SUPPLEMENTARY STATEMENT INCORPORATING RESULTS OF ASSOCIATED COMPANY:

	<u>1994</u>	<u>1993</u>
Share of profits of associated company	£ 134,277	£ 136,334
Less tax	33,739	35,203
Less dividend	50,000	40,000
	<hr/>	<hr/>
Share of retained profits of the associated company	50,538	61,131
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	102,368	88,447
	<hr/>	<hr/>
Profit attributable to members of the investing company	152,906	149,578
Aggregate amount of dividends proposed	24,000	24,000
	<hr/>	<hr/>
NET PROFIT retained (£50,538 by associated company)	£ 128,906	£ 125,578
	=====	=====

The accompanying notes are an integral part of these financial statements.

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1994

	<u>Notes</u>		<u>1993</u>
FIXED ASSETS			
Tangible assets	8	£ 18,124	£ 18,617
Investment	9	1,000	1,000
		<hr/>	<hr/>
		19,124	19,617
CURRENT ASSETS			
Debtors	10	£ 207,208	£ 182,966
Cash at bank and in hand		203,647	142,116
		<hr/>	<hr/>
		410,855	325,082
CREDITORS: Amounts falling due within one year			
	11	71,962	65,050
NET CURRENT ASSETS			
		<hr/>	<hr/>
		338,893	260,032
		<hr/>	<hr/>
		£ 358,017	£ 279,649
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	12	£ 3	£ 3
Profit and loss account		358,014	279,646
<div style="display: flex; justify-content: space-between;"> <div style="text-align: left;"> <p><i>X</i> <i>D. Held</i> <i>X</i></p> <p><i>7</i> <i>A. Giddens</i></p> </div> <div style="text-align: center;"> <p>D. HELD</p> <p>A. GIDDENS</p> </div> <div style="text-align: right;"> <p>Directors</p> </div> </div>			
APPROVED BY THE BOARD: 18 April 1995			
		<hr/>	<hr/>
		£ 358,017	£ 279,649
		=====	=====

SUPPLEMENTARY STATEMENT INCORPORATING RESULTS OF ASSOCIATED COMPANY

	<u>1994</u>	<u>1993</u>
Share of net assets of associated company	£ 269,700	£ 219,162
	=====	=====
Share capital in associated company	£ 1,000	£ 1,000
Share of accumulated reserve of associated company	268,700	218,162
	<hr/>	<hr/>
	£ 269,700	£ 219,162
	=====	=====
Debtors resulting from trading with associated company	£ 144,732	£ 131,100
	=====	=====

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

b) Turnover

Turnover represents net invoiced fees receivable, excluding value added tax.

c) Tangible fixed assets

Depreciation is provided, at the following annual rate in order to write off each asset over its estimated useful life:

Furniture, fixtures and equipment	- 10% straight line basis
Lease and improvements	- over the term of the lease
Motor vehicle	- 25% straight line basis

d) Cashflow statement

The company has taken advantage of the exemption permitted by FRS1, whereby a cashflow statement need not be prepared by a small company as defined in Companies Act 1985.

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the company.

3. OPERATING PROFIT BEFORE TAXATION

a) The operating profit is stated after charging:

	<u>1994</u>	<u>1993</u>
Depreciation of tangible fixed assets	£ 4,721	£ 4,299
Audit and accountancy	6,100	3,900
	=====	=====

b) Directors remuneration

Remuneration and other emoluments (including pension contributions)	£ 66,067	£ 76,842
	=====	=====

The emoluments of the chairman and of the highest paid director were £19,400 (1993 £18,067) excluding pension contributions.

Other directors emoluments, excluding pension contributions, fell within the following ranges:

	<u>1994</u>	<u>1993</u>
£10,000 - £15,000	-	2
£15,001 - £20,000	2	-
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

(CONTINUED)

4. STAFF COSTS (INCLUDING DIRECTORS)

	<u>1994</u>	<u>1993</u>
Salary	£ 82,398	£ 76,256
Social security	8,623	7,897
Pension contributions	17,899	32,743
	<hr/>	<hr/>
	£ 108,920	£ 116,896
	=====	=====
Employees	6	6
	=====	=====

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1994</u>	<u>1993</u>
Bank deposit interest	£ 8,205	£ 7,112
Royalties receivable	50	-
	<hr/>	<hr/>
	£ 8,255	£ 7,112
	=====	=====

6. INTEREST PAYABLE

	<u>1994</u>	<u>1993</u>
VAT surcharge	£ -	£ 80
	=====	=====

7. TAXATION

	<u>1994</u>	<u>1993</u>
The taxation charge on the profit for the year comprises:		
Corporation tax at 25%	£ 20,300	£ 16,000
Under/(over) provision in previous year	736	(3,785)
	<hr/>	<hr/>
	£ 21,036	£ 12,215
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

(CONTINUED)

8. TANGIBLE FIXED ASSETS

	<u>Motor Vehicle</u>	<u>Lease and improvements</u>	<u>Furniture fixtures & equipment</u>	<u>Total</u>
Cost				
At 1 January 1994	£ 4,394	£ 9,066	£ 19,833	£ 33,293
Additions	-	-	4,228	4,228
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	£ 4,394	£ 9,066	£ 24,061	£ 37,521
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1994	£ 2,198	£ 5,421	£ 7,057	£ 14,676
Amount provided	1,099	1,216	2,406	4,721
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	£ 3,297	£ 6,637	£ 9,463	£ 19,397
	<hr/>	<hr/>	<hr/>	<hr/>
Written down values				
At 31 December 1994	£ 1,097	£ 2,429	£ 14,598	£ 18,124
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	£ 2,196	£ 3,645	£ 12,776	£ 18,617
	<hr/>	<hr/>	<hr/>	<hr/>

9. INVESTMENT

	<u>1994</u>	<u>1993</u>
Blackwell Polity Limited 1,000 'B' ordinary shares of £1 each at cost	£ 1,000	£ 1,000
	<hr/>	<hr/>

10. DEBTORS

	<u>1994</u>	<u>1993</u>
Due within one year		
Trade debtors	£ 144,965	£ 131,100
Prepayments and accrued income	56,243	45,866
	<hr/>	<hr/>
	201,208	176,966
Due after more than one year		
ACT recoverable	6,000	6,000
	<hr/>	<hr/>
	£ 207,208	£ 182,966
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1994

(CONTINUED)

11. CREDITORS: Amounts falling due within one year:

	<u>1994</u>	<u>1993</u>
Directors' current accounts	£ 2,085	£ 897
Accruals	18,455	19,354
VAT and other taxes	7,122	7,549
Corporation tax	14,300	7,250
Proposed dividend	24,000	24,000
ACT payable	6,000	6,000
	<hr/>	<hr/>
	£ 71,962	£ 65,050
	=====	=====

12. CALLED-UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
Authorised:		
100 ordinary shares of £1 each	£ 100	£ 100
	=====	=====
Issued and fully paid:		
3 ordinary shares of £1 each	£ 3	£ 3
	=====	=====

13. ASSOCIATED COMPANY

The company owns 50% of the issued share capital of Blackwell Polity Limited, a book publishing company incorporated in Great Britain.