BLOOMSBURY PUBLISHING LIMITED

MODIFIED ACCOUNTS

31 DECEMBER 1988

BLOOMSBURY PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1988.

PRINCIPAL ACTIVITY

The principal activity of the company is the publication of books.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company exceeded its budget of turnover and profitability in 1988, having published 130 books with 6 on the bestseller list in 1988 and 2 on the list in January 1989. With turnover exceeding £5 million, the company has established itself in its first fiscal 12 month publishing period as a substantial business.

SHARE CAPITAL

Movements in the share capital of the company during the year are shown in Note 8 to the financial statements.

CLOSE COMPANY STATUS

As far as the directors are aware the company is not a close company for taxation purposes.

AUDITORS

The auditors, Price Waterhouse have signified their willingness to continue in office. In accordance with Section 384 (1) of the Companies Act 1985, a resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board

NP Batt

NP Batt
Secretary

17 March 1989

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Price Waterhouse

AUDITORS' REPORT TO THE DIRECTORS OF
BLOOMSBURY PUBLISHING LIMITED

In our opinion the attached modified accounts for the year ended 31 December 1988 comply with Schedule 8 to the Companies Act 1985 and the directors are entitled to deliver modified accounts under Sections 247 to 249 of that Act as a small company. We are not required to express an opinion on the truth and fairness of these modified accounts.

We report, as auditors of Bloomsbury Publishing Limited, to the members on 17 March 1989 on the company's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 31 December 1988, and our audit opinion was as follows:

"We have audited the financial statements on pages 4 to 13 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1988 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985".

Price Waterhouse

Chartered Accountants

17 March 1989

BLOOMSBURY PUBLISHING LIMITED

BALANCE SHEET - 31 DECEMBER 1988

	Notes	1988 £	1988 £	1987 £	1987 £
FIXED ASSETS					
Tangible assets			103,194		107,611
CURRENT ASSETS					
Stocks		616,926		513,768	
Debtors		3,429,585		1,152,611	
Cash at bank and in hand		642,354		362,460	
		4,688,865		2,028,839	
CREDITORS (amounts falling due within one year)	3	2,227,559		983,828	
NET CURRENT ASSETS			2,461,306		1,045,011
			£2,564,500		£1,152,622
CREDITORS (amounts falling due after more than one year)	4		257,561		134,227
UNSECURED LOAN STOCK 1992	5		1,250,000		1,000,000
CAPITAL AND RESERVES					
Called up share capital	8	172,500		172,500	
Share premium account		482,875		520,832	
Profit and loss account		(848,436)		(674,937)	
		(193,061)		18,395	
Convertible loan stock 2003	6	1,250,000		-	
			1,056,939		18,395
			£2,564,500		£1,152,622

The directors have relied on Sections 247 to 249 of the Companies Act 1985 as entitling them to deliver modified accounts on the grounds that the company is entitled to the benefits of these sections as a small company.

Approved by the Board on 17 March 1989

JN Newton)DIRECTORS
NP Batt)

The notes on pages 4 to 7 form part of these financial statements.

BLOOMSBURY PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1988

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Turnover

Turnover represents the amount derived from the provision of goods, services and rights falling within the company's ordinary activities, after deduction of trade discounts, value added tax and anticipated returns.

(c) Other income

Rights are accounted for on a receivable basis.

(d) Stock and work in progress

Stock and work in progress consist of paper, sheets and bound stock. Cost represents the amounts invoiced to the company for paper, origination, printing and binding. Unsold stock is written down in order to reduce stock to the lower of cost or net realisable value.

(e) Depreciation

Fixed assets are depreciated in order to write down their cost by equal annual instalments over their expected useful lives at the following rates:

Leasehold improvements	-	7% per annum
Computer equipment	-	20% per annum
Motor vehicles	-	25% per annum
Furniture and equipment	-	10% per annum
Other office equipment	-	20% per annum

(f) Royalty advances to authors

Advances to authors are written off to the extent that they are not covered by future sales or firm contracts for subsidiary rights receivable, or earlier if the advance is considered to be irrecoverable.

(g) Deferred taxation

Provision for deferred taxation is only made where, in the directors' opinion, there is a reasonable probability that a liability to tax will crystallise.

1 ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the actual rate applicable at the transaction date. Exchange differences on such transactions are dealt with through the profit and loss account.

2 TURNOVER

The turnover is attributable to the publishing of books and the selling of rights which amounted to £5,165,179 (1987 - £2,231,198).

3 CREDITORS (amounts falling due within one year)

	1988 £	1987 £
Trade creditors	1,232,297	681,232
Taxation and social security	19,045	14,940
Accruals and deferred income	218,814	113,291
Lease obligations (Note 7)	14,023	6,124
Other creditors	743,380	168,241
	£2,227,559	£983,828

4 CREDITORS (amounts falling due after more than one year)

	1988 £	1987 £
Compounded interest on 10% 1992 Unsecured Loan Stock (Note 5)	235,949	126,574
Lease obligations (Note 7)	21,612	7,653
	£257,561	£134,227

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1988 (CONTINUED)

5 UNSECURED LOAN STOCK 1992

	1988	1987
10% Unsecured loan stock 1992	£1,250,000	£1,000,000

The unsecured loan stock 1990 was converted to unsecured loan stock 1992 and increased by £250,000 on 30 September 1988. Interest on the unsecured loan stock is being compounded annually with an annual rest at the rate of 10% per annum. The 10% loan stock is to be redeemed at par together with all accrued interest on the earlier of 31 March 1992, a quotation of the company on a recognised Stock Exchange or the acquisition by one person of all the issued ordinary shares of the company.

6 CONVERTIBLE LOAN STOCK 2003

	1988	1987
10% Convertible subordinated unsecured loan stock 2003	£1,250,000	£-

The 10% convertible subordinated unsecured loan stock 2003 was issued on 30 September 1988 and is to be converted into 'C' ordinary shares on the earlier of 31 December 2003, a quotation of the company on a recognised Stock Exchange or the acquisition by one person of all the issued ordinary shares of the company.

The additional loan stock was introduced to finance expansion.

7 LEASE OBLIGATIONS

	1988 £	1987 £
Finance leases due:		
Under one year	17,828	7,502
In the second to fifth year inclusive	28,481	9,375
	46,309	16,877
Finance charges	(10,674)	(3,100)
	£35,635	£13,777
Falling due within one year (Note 3)	14,023	6,124
Falling due after more than one year (Note 4)	21,612	7,653
	£35,635	£13,777

Operating leases on assets:
Annual commitments which expire:

	1988	1987
Under one year	42,722	36,240
In the second to fifth year inclusive	19,032	36,240
	£61,754	£72,480

8 CALLED UP SHARE CAPITAL

	1988	1987
	£	£
Authorised		
375,000 'A' Ordinary shares of 25p each	93,750	93,750
375,000 'B' Ordinary shares of 25p each	93,750	93,750
166,600 'C' Ordinary shares of 25p each	41,650	-
83,400 Unclassified ordinary shares of 25p each	20,850	-
	£250,000	£187,500
Allotted and fully paid		
375,000 'A' Ordinary shares of 25p each	93,750	93,750
315,000 'B' Ordinary shares of 25p each	78,750	78,750
	£172,500	£172,500

The company's authorised share capital was increased on 30 September 1988 by 166,600 'C' ordinary shares of 25p each and 83,400 unclassified ordinary shares of 25p each.