BLOOMSBURY PUBLISHING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1991 1984336

COMPANIES HOUSE
3 1 OCT 1992
M 97

BLOOMSBURY PUBLISHING LIMITED

DIRECTORS' REPORT
(Company Registration Number: 1984336)

The directors submit their annual report and the financial statements for the year ended 31 December 1991.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company made an operating profit of £534,118 in the year ended 31 December 1991, representing 7% of the turnover of £7,836,595. The year's results show an increase in turnover of 17% from £6,690,562. The operating profit rose 33% from £400,611 to £534,118 with net profit before taxation increasing 34% from £108,435 to £145,831. Cash on deposit was £262,229.

The high point of the year for the company was the winning of the Nobel Prize for Literature by one of its authors, Nadine Gordimer. Numerous bestsellers were published during the year including a new work by Sir Ranulph Fiennes which hit number one on the Sunday Times bestseller list during the crucial autumn period.

The 1992 list looks strong with major new titles by Joanna Trollope, Jay McInerney, Patrick Marnham, Michael Ondaatje and Maria Riva, daughter of Marlene Dietrich, whose memoirs are keenly anticipated.

RESULTS AND DIVIDENDS

The operating profit for the year was £534,118 (1990 - profit £400,611). The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors in office at the year end are listed below:

JN Newton
DAC Reynolds
EN Calder
NP Batt
AV Wherry
I Salkeld
MJ Mayer (USA)
C Cayzer
A Alletzhauser (appointed 22 March 1991)

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The directors' interests are shown in Note 7 to the financial statements.

BLOOMSBURY PUBLISHING LIMITED

DIRECTORS' REPORT (CONTINUED)

FIXED ASSETS

During the year, the company made additions of £5,700 (1990 - £46,559) to fixed assets. Detailed movements of fixed assets are shown in Note 9 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
Secretary

31 July 1992

No 1 London Bridge
London SE1 9QL

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Price Waterhouse

AUDITORS' REPORT TO THE MEMBERS OF BLOOMSBURY PUBLISHING LIMITED

We have audited the financial statements on pages 4 to 15 in accordance with 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 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

31 July 1992

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Redhill, St Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

BLOOMSBURY PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1991

	Notes	1991 £	1990 £
TURNOVER	2	7,836,595	6,690,582
COST OF SALES		(4,583,907)	(3,902,543)
GROSS PROFIT		3,252,688	2,788,039
Distribution costs		(1,002,132)	(876,776)
Administration expenses		(1,716,438)	(1,510,652)
OPERATING PROFIT		534,118	400,611
Interest receivable and similar income		1,505	25,357
Interest payable and similar charges	5	(389,792)	(317,533)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	145,831	108,435
Tax on ordinary activities	8	(133,000)	(70,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		12,831	38,435
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		(401,588)	(440,023)
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		(388,757)	(401,588)

The notes on pages 7 to 15 form part of these financial statements.

BLOOMSBURY PUBLISHING LIMITED

BALANCE SHEET - 31 DECEMBER 1991

	Notes	1991 £	1991 £	1990 £	1990 £
FIXED ASSETS					
Tangible assets	9		93,988		112,176
Investment	10		50,000		5,000
			143,988		117,176
CURRENT ASSETS					
Investment	10	3,000		-	
Stocks	11	1,327,362		1,049,357	
Debtors	12	5,796,700		4,861,133	
Cash at bank and in hand		262,229		158,153	
		7,389,291		6,068,643	
CREDITORS (amounts falling due within one year)	13	4,410,033		2,778,923	
NET CURRENT ASSETS			2,979,258		3,289,720
TOTAL ASSETS LESS CURRENT LIABILITIES			3,123,246		3,406,896
CREDITORS (amounts falling due after more than one year)	14		704,300		653,109
UNSECURED LOAN STOCK 1992	15		902,328		1,250,000
			1,516,618		1,503,787
CAPITAL AND RESERVES					
Called up share capital	18		172,500		172,500
Share premium account			482,875		482,875
Profit and loss account			(388,757)		(401,588)
			266,618		253,787
Convertible loan stock 2003	16		1,250,000		1,250,000
			1,516,618		1,503,787

Approved by the Board
on 31 July 1992

)
)DIRECTORS
)

The notes on pages 7 to 15 form part of these financial statements.

BLOOMSBURY PUBLISHING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1991

	1991 £	1990 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	145,831	108,435
Adjustment for items not involving the movement of funds:		
Loss on disposal of fixed assets	-	3,735
Depreciation	23,888	21,420
FUNDS GENERATED BY OPERATIONS	169,719	133,590
FUNDS FROM OTHER SOURCES		
Loan drawn down	350,000	-
Sale of fixed assets	-	7,550
	519,719	141,140
APPLICATION OF FUNDS		
Purchase of investments	(48,000)	(5,000)
Purchase of fixed assets	(5,700)	(46,559)
	466,019	89,581
MOVEMENT IN WORKING CAPITAL		
Increase in stocks	278,005	45,691
Increase in debtors	1,090,567	683,052
(Increase)/decrease in creditors	(1,064,512)	53,760
	304,060	782,503
MOVEMENT IN NET LIQUID FUNDS		
Increase/(decrease) in cash balances	161,959	(692,922)
	466,019	89,581

The notes on pages 7 to 15 form part of these financial statements.

BLOOMSBURY PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1991

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) 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. Income from book publishing is recognised from the date of distribution. Income from the sale of publishing rights, including film, paperback and overseas publishing rights, and sponsorship is recognised at the time such sales are achieved.

(3) 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.

(4) 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
Furniture and equipment	- 10% per annum
Other office equipment	- 20% per annum

(5) 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.

(6) 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.

(7) 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.

1 ACCOUNTING POLICIES (CONTINUED)

(8) Leased assets

Operating lease rentals are charged to the profit and loss account as they fall due. Assets subject to finance leases are capitalised at the present value of the minimum lease payments payable during the lease term, with the corresponding obligations to the lessor shown as a liability.

Depreciation on these assets is charged to the profit and loss account using the same rates as for other tangible fixed assets. The finance elements of the lease payments are accounted for as they fall due.

(9) Pension costs

Pension costs relate to defined contribution pension schemes and are charged to the profit and loss account in the period for which contributions are payable.

2 TURNOVER

The turnover is attributable to the publishing of books and the selling of rights.

The geographical analysis of turnover is as follows:

	1991 £	1990 £
United Kingdom	5,934,725	5,018,126
United States of America and Canada	766,584	674,342
Europe	528,450	471,515
Africa	50,501	54,167
Far and Middle East	149,548	143,367
Australia	326,321	255,500
Others	80,466	73,565
	7,836,595	6,690,582

BLOOMSBURY PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1991 (CONTINUED)

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1991 £	1990 £
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	14,000	12,000
Depreciation	23,888	21,420
Exceptional gain	(54,000)	-
Exchange (gain)/loss	(19,779)	10,095
Finance lease charges	2,048	2,802
Operating lease costs - hire of motor vehicles	48,169	36,312

4 EXCEPTIONAL GAIN

	1991 £	1990 £
Other income	54,000	-

The £54,000 relates to income receivable by the company which was consideration for the waiver of its right to acquire part of the ordinary share capital of Chancery Law Publishing Limited.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1991 £	1990 £
On bank loans, overdrafts and other loans repayable within five years	261,782	190,933
On 10% unsecured loan stock 2003	128,010	126,600
	389,792	317,533

Of the total amount of £389,792, £192,960 was paid during the year and the remaining £196,832 was accrued at the year end.

6 DIRECTORS AND EMPLOYEES

(1) Staff costs during the year were:

	1991 £	1990 £
Wages and salaries	834,693	760,973
Social security costs	84,681	80,017
Other pension costs	28,040	26,862
	947,414	867,852

The average number of employees of the company during the year was 40 (1990 - 40).

(2) The aggregate emoluments, excluding pension contributions, of the Chairman who is also the highest paid director, were £63,548 (1990 - £55,428). The table below shows the number of directors whose emoluments, excluding pension contributions, during the year were within the bands stated:

	1991 Number	1990 Number
£Nil	4	3
£45,001 - £50,000	-	3
£50,001 - £55,000	2	1
£55,001 - £60,000	2	1
£60,001 - £65,000	1	-

7 DIRECTORS' INTERESTS

The following directors had beneficial interests in the shares of the company during the year under review:

	10% unsecured series 'B' Loan stock 2003		25p 'B' Ordinary shares	
	31.12.91	31.12.90	31.12.91	31.12.90
JN Newton	13,333	13,333	12,500	12,500
DAC Reynolds	36,667	36,667	6,250	6,250
M Mayer	2,500	2,500	7,500	7,500

At 31 December 1991 JN Newton, DAC Reynolds and EN Calder jointly held 37,500 'B' Ordinary shares as trustees of The Bloomsbury Authors' Trust.

The following share options have been granted:

	No of shares
EN Calder	28,125
AV Wherry	28,125
NP Batt	1,875

These options are exercisable at 25 pence per share and expire on 1 December 1998.

There were no changes in the directors' interests from 31 December 1991 to 31 July 1992.

8 TAX ON ORDINARY ACTIVITIES

	1991 £	1990 £
UK corporation tax at 30% (1990 - 28%)	133,000	70,000

UK corporation tax is calculated at 30% of the taxable profits. Interest expense accrued at the year end is not allowable for taxation purposes. As a result the taxable profits are considerably higher with a corresponding impact on the taxation charge.

9 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Office equipment £	Total £
Cost					
At 1 January 1991	28,787	52,309	58,418	20,696	160,210
Additions	-	-	4,775	925	5,700
Disposals	-	-	-	-	-
At 31 December 1991	28,787	52,309	63,193	21,621	165,910
Accumulated depreciation					
At 1 January 1991	6,480	15,068	12,368	14,118	48,034
Provision for the year	2,160	5,228	12,329	4,171	23,888
Disposals	-	-	-	-	-
At 31 December 1991	8,640	20,296	24,697	18,289	71,922
Net book value					
At 31 December 1991	20,147	32,013	38,496	3,332	93,988
At 31 December 1990	22,307	37,241	46,050	6,578	112,176

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1991 (CONTINUED)

9 TANGIBLE FIXED ASSETS (CONTINUED)

Tangible fixed assets at 31 December 1991 include the following assets held under finance leases:

	1991	1990
	£	£
Fixtures and fittings	30,455	30,455
Accumulated depreciation	(12,182)	(9,136)
	18,273	21,319

10 INVESTMENTS

	1991	1990
	£	£
Investments	53,000	5,000

Investments represent a £45,000 long-term investment in the preference shares and £5,000 (5%) in the ordinary shares of Cherwell Scientific Publishing Limited (formerly Metaform Limited), and a £3,000 short-term investment in the ordinary share capital of Chancery Law Publishing Limited. Both companies are registered in England.

11 STOCKS

	1991	1990
	£	£
Raw materials and consumables	77,169	35,921
Work in progress	345,449	235,659
Finished goods and goods for resale	904,744	777,777
	1,327,362	1,049,357

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1991 (CONTINUED)

12 DEBTORS (amounts falling due within one year)

	1991 £	1990 £
Trade debtors	2,290,908	1,563,982
Other debtors	2,151,446	2,010,262
Prepayments and accrued income	1,354,346	1,286,889
	5,796,700	4,861,133
Amounts falling due after one year - other debtors	378,166	722,506

13 CREDITORS (amounts falling due within one year)

	1991 £	1990 £
Bank overdraft	-	57,883
10% unsecured loan stock 1992 and accrued interest	550,222	-
Other unsecured loan and accrued interest	388,988	-
Trade creditors	1,552,236	1,105,388
Other creditors	1,500,056	1,342,924
Corporation tax	70,000	-
Other taxation and social security	51,346	51,357
Accruals and deferred income	291,094	215,280
Lease obligations (Note 17)	6,091	6,091
	4,410,033	2,778,923

The overdraft facility is secured by a fixed and floating charge over all assets to the amount of all monies now due or hereafter to become due to Barclays Bank plc.

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

	1991 £	1990 £
Corporation tax	133,000	70,000
Compounded interest on 10% unsecured loan stock 1992 (Note 15)	525,687	546,915
Compounded interest on 10% unsecured loan stock 2003 (Note 16)	45,613	30,103
Lease obligations (Note 17)	-	6,091
	704,300	653,109

15 UNSECURED LOAN STOCK 1992

	1991 £	1990 £
10% unsecured loan stock 1992	902,328	1,250,000

Interest on this unsecured loan stock is being compounded with annual interest at the rate of 10% per annum.

The original repayment date for the loan stock and accrued interest was 31 March 1992 but £902,328 of the loan stock has been rescheduled for repayment in 1993. The remaining £347,672 still falls due in 1992 and accordingly is included, with £202,550 accrued interest, in creditors falling due within one year (note 13).

16 CONVERTIBLE LOAN STOCK 2003

	1991 £	1990 £
10% Convertible subordinated unsecured loan stock 2003	1,250,000	1,250,000

The 10% convertible subordinated unsecured loan stock 2003 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.

17 LEASE OBLIGATIONS

	1991 £	1990 £
Finance leases due:		
Within one year	8,139	8,139
Between one and five years	-	8,138
	8,139	16,277
Finance charges	(2,048)	(4,095)
	6,091	12,182
Falling due within one year (Note 13)	6,091	6,091
Falling due after more than one year (Note 14)	-	6,091
	6,091	12,182

17 LEASE OBLIGATIONS (CONTINUED)

	1991 £	1990 £
Operating leases on motor vehicles:		
Annual commitments which expire:		
Within one year	5,802	5,802
Between one and five years	8,225	16,874
	14,027	22,676

18 CALLED UP SHARE CAPITAL

	1991 £	1990 £
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	41,650
83,400 Unclassified ordinary shares of 25p each	20,850	20,850
	250,000	250,000
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

19 COMMITMENTS AND CONTINGENT LIABILITIES

The company is committed to paying significant royalty advances to authors under signed publishing contracts during the coming financial years.

20 SUBSEQUENT EVENTS

The investment of £3,000 in Chancery Law Publishing Limited was sold in April 1992 and the related company account of £297,000 was repaid at that time.