

Guinness World Records Limited

**Directors' report and financial
statements**

Registered number 541295

For the year ended 31 December 2009

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Contents

Directors' report	3
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	5
Auditors' report	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the financial statements	9

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2009. The accounting date was changed from 31 July to 31 December during the prior period to align the Company with the new ultimate parent company.

Principal activities

The Company is engaged in the publication and licensing of intellectual property. These activities relate primarily to the publishing, merchandising and television licensing of the main brand, the Guinness World Records book.

Business review

The profit for the year ended 31 December 2009 was £6.6 million, (17 month period ended 31 December 2008: £9.1 million). Turnover for the year was £20.8 million (17 month period ended 31 December 2008: £33.7 million) giving an operating margin/profit of 36.2%/£7.5 million, (17 month period ended 31 December 2008: 31.4%/£10.6 million).

On 14 February 2008, 100% of the Company's share capital was acquired by the Jim Pattison Group. The ultimate parent company's details are discussed in note 20.

Dividends

On 15 April 2009 and 5 November 2009 the Company paid dividends of £5 million and £3 million respectively to GWRUK Acquisition Corp Limited.

On 20 April 2010 the Company paid a dividend of £3 million to GWRUK Acquisition Corp Limited.

Business environment

The Company owns a brand that has a strong history dating back over 55 years. Sales of the book continue to be strong and is regularly the No. 1 bestseller during the Christmas selling period. The book sells over 3 million copies worldwide in 27 languages and, despite the downturn in the economy in the last 2 years, there has been minimal impact on sales of the book.

The Company also generates revenue from adjudicating record attempts and this part of the business continues to perform strongly year on year. The Company is a global leader in world records. No other company collects, confirms and accredits and presents world record data with the same investment in comprehensiveness and authenticity.

In addition to publishing and records adjudications, the Company licenses its brand and content via traditional trademark deals or via television programming and these business streams continue to perform successfully.

Principal risks and uncertainties

Despite its unique brand, the Company has faced its own challenges as a result of slow down in the general economy. The company is dependent on large retailers and on their continued success on the high street and during the last 2 years, several of these retailers have closed which has in turn impacted the business. In addition, the weak pound raises its own challenges with many of our suppliers based in continental Europe.

Strategy

The main challenge for the Company is to seek ways of diversifying the business and thus spread the economic risk, whilst continuing the success of the core revenue generator, the annual book. We have already started to do this with the expansion of the adjudications business.

The approach that the company has taken to the currency risk is via a strategy of natural hedging, seeking to cover its foreign debts by bringing in cash in the same currency from foreign debtors.

Directors' report *(continued)*

Future Outlook

Despite the risks outlined above, the directors feel that by adopting the strategies described and working to retain the success of the fundamental basic model, that the Company will continue its current success. The Directors feel that the forthcoming year will be challenging but they remain optimistic about the ability of the company to continue to meet its financial growth targets.

Directors

The directors who held office during the year were as follows

A Richards
R Bergen
D Joyce

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (2008 nil)


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the period the Company appointed KPMG LLP as auditors. Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



Alistair Richards
Director

17 Hanover Square,
London W1S 1HU
28 September 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUINNESS WORLD RECORDS LIMITED

We have audited the financial statements of Guinness World Records Limited for the year ended 31 December 2009 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Bawden (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 Salisbury Square
London EC4Y 8BB

30 September 2010

Profit and Loss Account
for the year ended 31 December 2009

	<i>Note</i>	Year ended 31 Dec 2009	17 month period ended 31 Dec 2008
		£000	£000
Turnover	2		
Continuing operations		20,842	33,676
 Cost of sales		 (7,253)	 (13,247)
 Gross profit		 13,589	 20,429
Selling, marketing and distribution costs		(1,503)	(2,488)
Administrative expenses		(4,549)	(7,370)
 Operating profit		 7,537	 10,571
Continuing operations			
 Interest receivable and similar income	6	 486	 20
Interest payable and similar charges	7	(44)	(245)
 Profit on ordinary activities before taxation	3	 7,979	 10,346
Tax on profit on ordinary activities	8	(1,381)	(1,291)
 Profit for the financial period		 6,598	 9,055

There are no recognised gains or losses other than the profit for the period and therefore no separate statement of total recognised gains or losses has been presented

There is no difference between profit on ordinary activities and the retained profit for the period stated above and their historical cost equivalents

All amounts relate to continuing operations

Notes to the financial statements are reported on pages 9 - 18


Balance Sheet

As at 31 December 2009

	Note	31 December 2009		31 December 2008	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		258		334
			<hr/>		<hr/>
Current assets					
Stocks	10	256		516	
Debtors	11	6,899		11,407	
Cash at bank and in hand		7,858		4,570	
		<hr/>		<hr/>	
Creditors amounts falling due within one year	13	15,013 (6,014)		16,493 (7,401)	
		<hr/>		<hr/>	
Net current assets			8,999		9,092
			<hr/>		<hr/>
Total assets less current liabilities			9,257		9,426
			<hr/>		<hr/>
Provisions for liabilities	14	(4,061)		(2,828)	
		<hr/>		<hr/>	
Net assets			5,196		6,598
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15	-		-	
Profit and loss account	16	5,196		6,598	
		<hr/>		<hr/>	
Shareholders' funds			5,196		6,598
			<hr/>		<hr/>

Notes to the financial statements are reported on pages 9 - 18

These financial statements were approved by the board of directors on 28 September 2010 and were signed on its behalf by



Alistair Richards
 Director

28 September 2010

Notes

(forming part of the financial statements)

1 Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

The financial statements are prepared on a going concern basis

A summary of the significant accounting policies which have been applied is set out below

Significant estimates and assumptions

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue from the sale of publications is recognised as goods are shipped to customers. Royalties from licences granting publication and other rights and net fees from exhibition are recognised on a receivable basis.

Provision for returns

The provision for returns represents management's estimates for future returns of publications and merchandise and is based on historical return rates and current market conditions.

Stocks

Stocks are stated at the lower of cost and net realisable value and valued on a first-in, first-out basis. Cost includes raw materials, direct labour and directly attributable expenses. Expenditure on books not yet published is included in work-in-progress and reclassified as cost of finished goods on publication.

Tangible Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The current period over which the assets are depreciated is between 36 months and 120 months for fixtures and fittings. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash flow statement

Under FRS 1 (revised) *Cash flow statements*, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of GWRUK Acquisition Corp Limited. The cash flows of the company are included in the consolidated cash flow of GWRUK Acquisition Corp Limited.

Notes *(continued)*

2 Analysis of turnover

	Year ended 31 Dec 2009 Turnover £000	17 months to 31 Dec 2008 Turnover £000
<i>By geographical market</i>		
United Kingdom	7,738	15,338
United States	3,348	5,088
Rest of Europe	7,748	9,217
Rest of World	2,008	4,033
	<hr/>	<hr/>
	20,842	33,676
	<hr/>	<hr/>
<i>By class of business</i>		
Publishing and other	17,113	30,408
Television	919	1,014
Records Management	1,586	1,219
Licensing	1,224	1,035
	<hr/>	<hr/>
	20,842	33,676
	<hr/>	<hr/>

3 Profit on ordinary activities before taxation

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off owned tangible fixed assets	118	142
Impairment and write-off of intercompany balances	-	1,210
Operating lease rentals	243	302
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
	£000	£000
Audit of these financial statements	40	45
Other services relating to taxation	5	3
	<hr/>	<hr/>

Notes (continued)

4 Remuneration of directors

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
Directors' emoluments	464	481
Company contributions to money purchase pension schemes	24	21
	<u> </u>	<u> </u>

The amounts disclosed represent the remuneration of the highest paid director. Two of the directors did not receive any remuneration in respect of their services to the company in the current period or prior year. There are no retirement benefits accruing to any director and none of the directors have any shares or options in the Company.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period analysed by category was as follows:

	Number of employees	
	Year ended 31 Dec 2009	17 months to 31 Dec 2008
Publishing	40	36
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
Wages and salaries	2,254	2,517
Social security costs	247	290
Pension costs	47	47
	<u> </u>	<u> </u>
	2,548	2,854
	<u> </u>	<u> </u>

The Company operates a defined contribution scheme. The amounts charged above represent the contributions paid to the scheme in respect of the accounting period.

Notes (continued)

6 Interest receivable and similar income

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
Bank interest received	14	20
Net gain on foreign exchange	472	-
	<u>486</u>	<u>20</u>

7 Interest payable and similar expenses

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
Bank interest paid	(7)	(6)
Bank fees & other charges	(37)	(200)
Net loss on foreign exchange	-	(39)
	<u>(44)</u>	<u>(245)</u>

8 Taxation

Analysis of change in period

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
<i>UK corporation tax</i>		
Current tax on income for the period	2,042	1,464
Adjustment in respect of previous years	(565)	(128)
<i>Foreign tax</i>		
Current tax on income for the period	144	38
Total current tax	<u>1,621</u>	<u>1,374</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences	(240)	(42)
Adjustment in respect of previous years	-	(41)
Total deferred tax	<u>(240)</u>	<u>(83)</u>
Tax on profit on ordinary activities	<u>1,381</u>	<u>1,291</u>

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2008 lower) than the standard rate of corporation tax in the UK effective for the period (28% 2008 28.5 %). The differences are explained below:

	Year ended 31 Dec 2009 £000	17 months to 31 Dec 2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	7,979	10,346
Current tax at 28 % (2008 28.5 %)	2,234	2,990
<i>Effects of</i>		
Expenses not deductible for tax purposes	11	10
Capital allowances for period (in excess of) less than depreciation	9	(6)
Other permanent differences	(7)	345
Timing of provision recognition	314	73
Gains on disposal of fixed assets	-	(13)
Losses surrendered by other group companies for nil payment	(375)	(1,848)
Adjustment in respect of previous years	(565)	(128)
Impact of change in tax rate	-	(49)
Total current tax charge (see above)	1,621	1,374

Factors that may affect future current and total tax charges

There are no foreseeable factors affecting future tax charges.

9 Tangible fixed assets

	Fixtures, fittings and equipment £000	Total £000
<i>Cost</i>		
At beginning of period	627	627
Additions	42	42
At end of period	669	669
<i>Depreciation</i>		
At beginning of period	293	293
Charge for period	118	118
At end of period	411	411
<i>Net book value</i>		
At 31 December 2009	258	258
At 31 December 2008	334	334

Notes (continued)

10 Stocks

	31 Dec 2009	31 Dec 2008
	£000	£000
Work in progress	81	451
Finished goods and goods for resale	175	65
	<u>256</u>	<u>516</u>

11 Debtors

	31 Dec 2009	31 Dec 2008
	£000	£000
Trade debtors	4,704	6,237
Amounts owed by parent undertakings	-	1,350
Amounts owed by fellow undertakings	1,431	2,625
Other debtors	150	95
Net deferred tax assets (note 12)	490	250
Prepayments and accrued income	124	850
	<u>6,899</u>	<u>11,407</u>

The current period amount owed by fellow undertakings represents balances owed by Guinness World Records North America Inc and arose during the period. The prior period amount owed by parent undertakings represented an amount owed by GWRUK Acquisition Corp Limited and arose during 2008.

12 Deferred tax asset

	31 Dec 2009	31 Dec 2008
	£000	£000
Opening deferred tax assets	250	167
Credit/(charge) to profit and loss account	240	83
	<u>490</u>	<u>250</u>
The analysis of the deferred taxation balance is as follows		
Accelerated capital allowances	26	75
Short-term timing differences	464	175
	<u>490</u>	<u>250</u>

The tax asset relates to timing differences in relation to depreciation in excess of capital allowances. The short-term timing differences relate to provisions which are expected to reverse in the foreseeable future.

Notes (continued)

13 Creditors amounts falling due within one year

	31 Dec 2009	31 Dec 2008
	£000	£000
Trade creditors	571	1,350
Other creditors	75	663
Tax Creditor	1,342	1,464
Accruals and deferred income	4,026	3,924
	<u>6,014</u>	<u>7,401</u>

14 Provisions for liabilities

	Returns provisions	Other provisions	Total
	£000	£000	£000
At 1 January 2009	1,212	1,616	2,828
Utilised during period	(834)	-	(834)
Additional amounts provided	1,944	501	2,445
Amounts released unused	(378)	-	(378)
	<u>1,944</u>	<u>2,117</u>	<u>4,061</u>
At 31 December 2009	1,944	2,117	4,061

The returns provision is made in relation to the return of unsold inventory. Returns are made continuously throughout the year and the provision is reassessed at the year end. The anticipated level of returns is based on historic levels and the economic environment. Other provisions relate to potential legal, royalty and property liabilities.

15 Called up share capital

	31 Dec 2009	31 Dec 2008
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes (continued)

16 Reserves

	Profit and loss account £000
At 1 January 2009	6 598
Profit for the year	6 598
Dividends paid	(8 000)
	<hr/>
At 31 December 2009	5,196
	<hr/>

On the 15 April 2009 and 10 November 2009 cash dividends of £5 million and £3 million were paid respectively to GWRUK Acquisition Corp Limited

17 Commitments

- (a) Annual commitments under non-cancellable operating leases are as follows

	2009 Land and Buildings £000	2008 Land and buildings £000
Operating leases which expire		
Within one year	-	-
In the second to fifth years inclusive	195	171
Over five years	-	-
	<hr/>	<hr/>
	195	171
	<hr/>	<hr/>

Notes *(continued)*

18 Related Party Transactions

Under FRS 8 the company is exempt from the requirement to disclose related party transactions with the Guinness World Records Group and its associated undertakings on the ground that it is a wholly owned subsidiary of GWRUK Acquisition Corp Limited

During the year, the Company received £2,368,000 in sales to fellow undertakings included in turnover (2008 £5,088,000)

At 31 December 2009 the Company was owed by fellow undertakings £1,431,000 included in debtors (2008 £2,625,000) (note 11) and there were no parent undertakings included in debtors, (2008 £1,350,000) (note 11)

19 Immediate and ultimate parent undertakings

The Company is a subsidiary undertaking of GWRUK Acquisition Corp Limited which is the immediate parent company incorporated in the United Kingdom. The ultimate parent company is Jim Pattison Ltd incorporated in British Columbia, Canada.

20 Post balance sheet events

On 20 April 2010 the Company paid a dividend of £3 million to GWRUK Acquisition Corp Limited