Guinness World Records Limited

Strategic report, directors' report and financial statements

Registered number 541295

For the year ended 31 December 2015

Contents

Strategic Report

The directors present their strategic report on the company for the year ended 31 December 2015

Principal activities

The Company is engaged in the publication and licensing of intellectual property created through the adjudication of world records 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 2014 was £5 8 million, (2014. £5.1 million) Turnover for the year was £22 0 million (2014 £22 1 million) giving an operating margin/profit of 31 7%/£7 0million (2014 31.1%/£6 9 million), a gross margin of 71 4%/£15 7 million (2014 67 6%/£14 9 million), and days sales outstanding of 44 days (2014· 54 days)

These key performance indicators are in line with directors' expectation

Business environment

The Company operates a brand that has a strong history dating back to 1954 Sales of the Guinness World Recordsbook continue to be strong and it is regularly the No 1 bestseller during the Christmas selling period The main book sells almost 3 million copies worldwide in 25 languages The publishing market has been challenged in the past due to the closure of several book retailers and distributors, as well as by the introduction of electronic books. There have been no book retailer closures over the last couple of years and the electronic books have had less of an impact than originally anticipated such that the Company has been able to maintain its publishing sales over the last couple of years.

The Company also generates revenue from adjudicating record attempts and this part of the business continues to perform strongly and has grown year on year Guinness World Records is the global leader in collecting, confirming and presenting World Records

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

The Company distributes the main book through traditional bookstores and the closure of stores remains a primary risk to the Publishing business. Electronic books have not had the expected negative impact on sales as their success has been mainly in the fiction market to date, however the Company acknowledges that over the longer term this remains a potential threat Guinness World Records has produced electronic books in the past and continues to actively research electronic publishing to find the best commercial solution. Following the BREXIT referendum, (the decision by the UK to exist the European economic union), the UK economy is once again weak, any business risk arising as a result of this is offset by positive currency gains from overseas sales and Guinness World Records UK generates a large proportion of its revenue from overseas territories.

The Company has been involved in a litigation case in India for many years and despite the strong evidence in the company's favour, any outcome cannot be ascertained, and therefore the potential financial impact is unknown A judgment is due to be made in the case early next year, but it is expected that this will be appealed and the case is unlikely to be concluded in the near future

Guinness World Records has successfully expanded its business geographically over the last few years and now has companies in Japan, China, the Middle East in addition to London and New York

Strategic Report *(continued)*

Strategy

The main challenge for the Company is to seek ways to diversify The majority of revenue still comes from Publishing, and the Company has put a renewed effort into expanding its publishing business by producing more titles that can be sold at different times during the year The expanded offering allows the Company to reach a broader audience and it reduces the reliance on the Christmas selling season.

The Company is also focused on growing the Records & Licensing businesses The approach that the company has taken is to restructure internally to put more resources behind Records & Licensing and by expanding geographically.

Over the last few years, the UK economy has been weak and sterling has suffered as a result but this has benefitted the Company in its overseas markets The approach that the Company has taken to currency risk over this period is via natural hedging, seeking to cover its foreign debts by bringing in cash in the same currency from foreign debtors Following the BREXIT referendum, (the decision by the UK to exit the European economic union), the UK economy is once again weak which means that any future foreign currency sales will be worth more to the Company. The Company will continue to monitor foreign exchange risk using a combination of natural hedging and forward contracts

Future Outlook

The directors feel that by adopting the strategies described, the Company will continue to retain and grow its market share The economic environment, although improving, continues to be challenging, however the directors are optimistic about the Company's ability to meets its future growth targets

By order of the board

Alison Ozanne

Alison Ozanne
Director

South Quay Building, 183 Marsh Wall,
London E14 9SH
23rd. September 2016

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2015

Dividends

On 15 April 2015 the Company paid an interim dividend of £5 0 million to GWRUK Acquisition Corp Limited

Directors

The directors who held office during the year and at the date of this report were as follows

A Ozanne
A Richards
R Barrington-Foote

Political contributions

The Company made no political donations nor incurred any political expenditure during the period (2014. £nil).

By order of the board

Alison Ozanne
Director

South Quay Building, 183 Marsh Wall,
London E14 9SH
23rd September 2016

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

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

Statement of Income and Retained Earnings
for the year ended 31 December 2015

	Note	2015	2014
		£000	£000
Turnover	2	22,005	22,058
Cost of sales		(6,296)	(7,156)
Gross profit		15,709	14,902
Selling, marketing and distribution costs		(1,053)	(952)
Administrative expenses		(7,677)	(7,081)
Operating profit		6,979	6,869
Interest payable and similar charges	6	(172)	(394)
Profit on ordinary activities before taxation	3	6,807	6,475
Tax on profit on ordinary activities	7	(1,033)	(1,412)
Profit for the financial year and other comprehensive income		5,774	5,063
Retained earnings at 31 December 2014		5,858	5,795
Dividends paid		(5,000)	(5,000)
Retained earnings at 31 December 2015		6,632	5,858

There are no recognised gains or losses other than the profit for the period and therefore no separate statement of other comprehensive income 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 – 21.

Balance Sheet
As at 31 December 2015

	Note		2015		2014
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	*8*		275		535
Investments	*9*		111		98
			386		633
Current assets					
Stocks	*10*	245		261	
Debtors	*11*	3,049		3,622	
Cash at bank and in hand		14,479		10,429	
		17,773		14,312	
Creditors: amounts falling due within one year	*13*	(7,762)		(4,909)	
Net current assets			10,011		9,403
Total assets less current liabilities			10,397		10,036
Provisions for liabilities	*14*		(3,765)		(4,178)
Net assets			6,632		5,858
Capital and reserves					
Called up share capital	*15*		-		-
Profit and loss account			6,632		5,858
Shareholders' funds			6,632		5,858

For the year ending 31 December 2015 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- *the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476*
- *the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts*

Notes to the financial statements are reported on pages 9 – 21

These financial statements were approved by the board of directors on 23/04/16 and were signed on its behalf by

Alison Ozanne
Director

Notes

1 Principal accounting policies

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group accounts as the Company is included in the consolidated accounts of its immediate parent company, GWRUK Acquisition Corp Limited, a company incorporated in the United Kingdom These financial statements present information about the Company as an individual undertaking and not about its group

These Company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014.

In transition to FRS 102 from old UK GAAP, the Company has not made any measurement and recognition adjustments

The Company's immediate parent undertaking, GWRUK Acquisition Corp Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GWRUK Acquisition Corp Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from companieshouse gov uk In these financial statements, the Company is considered to be a qualifying entity under FRS 102 and has applied the exemptions available in respect of the following disclosures

- Cash Flow Statement and related notes, and
- Key Management Personnel compensation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition, accounting estimates or discontinued operations

Basis of accounting

The Company financial statements are prepared on a going concern basis, under historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3-4. The company has considerable financial resources together with a diverse customer base across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

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.

Notes *(continued)*

1 Principal accounting policies *(continued)*

Turnover

Turnover is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided by the Company in the normal course of business net of discounts, returns and value added tax Revenue from the sale of publications is recognised as goods are shipped to customers Turnover is stated net of deductions and expected returns are based on management judgement and historical experience. Revenues from television programme sales, royalty revenues from licenses granting publication, trademark usage and other rights and net fees from exhibition are recognized on a receivable basis Licence fees earned from programme content are recognised on the later of the start date or delivery of the associated programme. Revenue from adjudication services provided is recognized as it is earned

Provision for returns

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell and complete 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 finished goods on publication

Tangible fixed assets

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 expected useful lives of the assets to the business are reassessed periodically

Asset	Estimated useful life
Fixtures, fittings and equipment	3-10 years
Computer equipment	3 years

Computer equipment includes certain website development costs capitalised to the extent that they lead to an enduring asset delivering benefits at least as great as the amount capitalised.

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

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. The Company has no finance leases

Employee benefits

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

Notes *(continued)*

1 Principal accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

Notes *(continued)*

2 Analysis of turnover

	2015 £000	2014 £000
By geographical market:		
United Kingdom	**5,802**	5,981
Rest of Europe	**5,343**	5,438
Rest of World	**2,413**	2,404
United States	**6,347**	6,291
Japan	**1,715**	1,649
China	**385**	295
	22,005	22,058
By class of business:		
Publishing and other	**16,724**	17,079
Licensing	**4,540**	4,213
Television	**741**	766
	22,005	22,058

3 Expenses

	2015 £000	2014 £000
Included in profit are the following:		
Depreciation	**318**	298
Operating lease rentals	**333**	321

Notes *(continued)*

4 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	**707**	572
Company contributions to money purchase pension schemes	**36**	31

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £461,000 (2014 £465,000), and Company pension contributions of £24,000 (2014. £24,000) were made to a money purchase scheme on his behalf

One director did not receive any remuneration in respect of his 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 2015	2014
Publishing	**21**	25
Television	**3**	4
Records Management	**18**	15
Licensing	**14**	4
Other – support	**28**	22
Total	**84**	70

The aggregate payroll costs of these persons were as follows·

	2015 £000	2014 £000
Wages and salaries	**4,206**	3,957
Social security costs	**539**	394
Pension costs	**229**	102
	4,974	4,453

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

Notes *(continued)*

6 Interest payable and similar expenses

	2015 £000	2014 £000
Bank fees and other charges	17	17
Net loss on foreign exchange	155	377
	172	394

7 Taxation

	2015 £000	2014 £000
Current tax		
Current tax on income for the period	1,066	1,378
Adjustment in respect of previous years	(22)	11
Foreign taxes suffered	29	5
Total current tax	1,073	1,394
Deferred tax		
Origination and reversal of timing differences	(42)	10
Change in tax rates	2	8
Total deferred tax	(40)	18
Total tax	1,033	1,412

Total tax analysed as

	2015			2014		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
	£000	£000	£000	£000	£000	£000
Recognised in Profit and loss account	1,073	(40)	1,033	1,394	18	1,412

Notes *(continued)*

7 Taxation *(continued)*

The current tax charge for the year is lower *(2014 higher)* than the standard rate of corporation tax in the UK effective for the year (20 25%, *2014 21 5%*). The differences are explained below

	2015 £000	2014 £000
Profit on ordinary activities before tax	**6,807**	6,475
Profit on ordinary activities multiplied by the rate of 20 25 % *(2014· 21 5 %)*	**1,378**	1,392
Effects of:		
Capital allowances for period less than (in excess of) capital allowances	**39**	(5)
Expenses not deductible for tax purposes	**1**	2
Losses surrendered by other group companies for nil payment	**(323)**	(6)
Adjustment in respect of previous years	**(22)**	11
Deferred tax charge	**(40)**	18
Total tax expense included in profit (see above)	**1,033**	1,412

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at balance sheet date

8 Tangible fixed assets

	Fixtures, fittings and equipment £000	Total £000
Cost		
At 1 January 2015	1,612	1,612
Additions	58	58
At 31 December 2015	1,670	1,670
Depreciation		
At 1 January 2015	1,077	1,077
Charge for year	318	318
At 31 December 2015	1,395	1,395
Net book value		
At 31 December 2015	**275**	**275**
At 31 December 2014	535	535

Notes *(continued)*

9 Investments

	Shares in group undertakings £000	Total £000
Cost		
At 1 January 2015	98	98
Additions	13	-
At 31 December 2015	**111**	**98**

	Country of Incorporation	Principal Activity	Class and percentage of shares held
Guinness World Records Japan KK	Japan	Sales	Ordinary 100%
Guinness World Records Consulting (Beijing) Limited	China	Sales	100%

The closing reserves of Guinness World Records Japan KK at 31 December 2015 are £155,000 (2014 £160,000) and the loss for the year ended 31 December 2014 is £5,000 (2014 profit of £68,000).

The closing reserves of Guinness World Records Consulting (Beijing) Limited at 31 December 2015 are £549,000 (2014 £107,000) and the profit for the year ended 31 December 2015 is £442,000 (2013 £323,000)

10 Stocks

	2015 £000	2014 £000
Work in progress	93	139
Finished goods and goods for resale	152	122
	245	261

Included in cost of sales for the year ended 31 December 2015 are amounts relating to inventories of £5,508,000 (2014. £5,869,000).

Notes *(continued)*

11 Debtors

	2015 £000	2014 £000
Trade debtors	**2,293**	2,205
Amounts owed by fellow undertakings	**124**	926
Other debtors	**238**	125
Net deferred tax assets (note 12)	**173**	126
Prepayments and accrued income	**221**	240
	3,049	3,622

The current period amounts owed by fellow undertakings represented amounts owed by Guinness World Records Consulting (Beijing) Limited and arose during the current period The prior period amount owed by fellow undertakings represents balances owed by Guinness World Records North America Inc and Guinness World Records Consulting (Beijing) Limited, and arose during 2014

12 Deferred tax asset

	2015 £000	2014 £000
Deferred tax assets are attributable to the following		
Accelerated capital allowances	**5**	(44)
Short-term timing differences	**168**	170
	173	126

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	**431**	252
Other creditors	**143**	135
Amounts owed to fellow undertakings	**3,008**	42
Corporate tax liability	**134**	273
Accruals and deferred income	**4,046**	4,207
	7,762	4,909

The amounts owed to fellow undertakings represent balances owed to Guinness World Records North America, Inc , GWR (Branch Operations) Limited, and Guinness World Records Japan KK

Notes *(continued)*

14 Provisions for liabilities

	Returns provisions £000	Other provisions £000	Total £000
At 1 January 2015	1,911	2,267	4,178
Utilised during period	(1,911)	(441)	(2,352)
Additional amounts provided	1,803	136	1,939
Amounts released unused	-	-	-
At 31 December 2015	1,803	1,962	3,765

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions The majority of the other provisions relate to a litigation case in India referred to in the Strategic Report

15 Called up share capital

	2015 £	2014 £
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

Notes *(continued)*

16 Dividends

The aggregate amount of dividends comprises

	2015	2014
	£000	£000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	**-**	-
Interim dividends paid in respect of the current year	**5,000**	5,000
	5,000	5,000

On 25 April 2015, an interim cash dividend of £5 0 million was paid to GWRUK Acquisition Corp Limited.

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is £nil (2014 £nil).

17 Operating Lease Commitments

Annual commitments under non-cancellable operating leases are as follows·

	2015	2014
	Land and Buildings	Land and buildings
	£000	£000
Operating leases which expire		
Within one year	**113**	181
Between one and five years	**-**	113
More than five years	**-**	-
	113	294

Notes *(continued)*

18 Related Party Transactions

Under FRS 102 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 £6,347,000 in sales included in turnover (*2014 £6,291,000*) from Guinness World Records North America, Inc and Ripley Entertainment Inc, fellow subsidiary undertakings of Jim Pattison Ltd

During the year, the Company paid £1,676,000 in marketing and sales services included in cost of sales (*2014 £1,662,000*) to Guinness World Records North America, Inc, fellow subsidiary undertaking of Jim Pattison Ltd

At 31 December 2015, the Company was owed £nil included in debtors, (*2014*: £800,000) from Guinness World Records North America Inc., fellow subsidiary undertaking of Jim Pattison Ltd. (note 11)

At 31 December 2015, the Company was owed £124,000 included in debtors, (*2014* £126,000) from Guinness World Records Consulting (Beijing) Limited, fellow subsidiary undertaking of Jim Pattison Ltd (note 11)

At 31 December 2015, the Company owed £78,000 included in creditors, (*2014*: £42,000) to Guinness World Records Japan KK, fellow subsidiary undertaking of Jim Pattison Ltd (note 13)

At 31 December 2015, the Company owed £2,243,000 included in creditors, (*2014* £nil) to Guinness World Records North America Inc, fellow subsidiary undertaking of Jim Pattison Ltd. (note 13).

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 15 April 2016 the Company paid a dividend of £5 5 million to GWRUK Acquisition Corp Limited

In April 2016, the Company entered into a building lease agreement The five year lease, commenced on April 1, 2016, provides for the lease by the Company of the office building known as South Quay Building in London for an annual rent of £306,204 per annum The Company relocated its office to this new location on June 13, 2016

21 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

Transition from reporting under old UK GAAP to reporting under FRS 102 has not affected the Company's reported financial position and financial performance