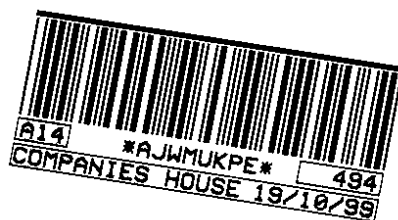


## **JOHN WILEY & SONS LIMITED**

ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1999  
TOGETHER WITH DIRECTORS' AND AUDITORS'  
REPORTS



THE COMPANY'S REGISTERED NUMBER IS: 641132

## JOHN WILEY & SONS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 1999

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 April 1999.

#### **PRINCIPAL ACTIVITY:**

The principal activity of the company continues to be the publishing of books, journals and electronic products for the scientific, technical, educational and professional markets.

#### **BUSINESS REVIEW:**

Company turnover and profits for the year were:

	1999 £000s	1998 £000s
Turnover	50,974	48,820
Profit on ordinary activities before taxation	5,359	6,035

During the year the company continued investing in its core programs including investment in electronic product and delivery systems. The company's products continue to develop well, in line with the company's overall strategic plans.

#### **FUTURE PROSPECTS:**

The directors believe the company continues to be well placed to deliver revenue and operating profit growth in all its major areas of operation.

#### **RESULTS AND DIVIDENDS:**

Results for the year are as follows:

	£000s
Retained profit at 1 May 1998	4,364
Profit for the financial year	3,607
Dividends for the year	(7,100)
Retained profit at 30 April 1999	<u>871</u>

Dividends for the year were £7,100,000 (1998 - £4,750,000).

#### **DIRECTORS AND THEIR INTERESTS:**

The directors of the company during the year were:

Dr J H Jarvis (Managing Director)  
C J Dicks  
P W Ferris  
R C Long  
R S R Mair  
W J Pesce (USA)  
Mrs A P Poulter

No director has any interests required to be disclosed under the provisions of the Companies Act 1985.

## **DIRECTORS' REPORT (continued)**

### ***YEAR 2000 EXPENDITURE:***

The period to the year 2000 presents companies using any form of electronic system incorporating a calendar with the opportunity to ensure they are not vulnerable to potentially significant problems which could arise if steps are not taken ahead of time to eliminate the risk that systems will malfunction when the last two digits of the year roll over to "00".

The directors have been reviewing and updating the systems so that they are "year 2000 compliant". Where changes are still necessary, software packages from software houses who are committed to delivering compliant systems are being installed.

The group has spent £240,000 in the year ended 30 April 1999 in addressing this issue.

The group expects further costs in the region of £122,000 to fully address the issue.

### ***DIRECTORS' RESPONSIBILITIES:***

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### ***CHARITABLE DONATIONS:***

The company contributed £22,307 (1998 - £16,317) to charities during the year.

### ***DISABLED EMPLOYEES:***

Applications for employment of disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

## **DIRECTORS' REPORT (continued)**

### ***EMPLOYEE CONSULTATION:***

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### ***AUDITORS:***

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Baffins Lane  
Chichester  
Sussex PO19 1UD

BY ORDER OF THE BOARD,

A handwritten signature in black ink, appearing to read 'C J Dicks', written over a horizontal line.

C J Dicks  
Secretary

10 September 1999

## **AUDITORS' REPORT**

To the Shareholders of **John Wiley & Sons Limited:**

We have audited the accounts on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 9.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS:**

As described on page 2, the directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **OPINION:**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors  
1 Surrey Street  
London WC2R 2PS

10 September 1999

**JOHN WILEY & SONS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 APRIL 1999**

	<b>Notes</b>	<b>1999 £000s</b>	<b>1998 £000s</b>
TURNOVER	2	50,974	48,820
Cost of sales		<u>(27,267)</u>	<u>(26,454)</u>
GROSS PROFIT		23,707	22,366
Other operating expenses	3	<u>(19,704)</u>	<u>(17,225)</u>
OPERATING PROFIT		4,003	5,141
Other income (net)	4	<u>1,356</u>	<u>894</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	5,359	6,035
Tax on profit on ordinary activities	7	<u>(1,752)</u>	<u>(2,072)</u>
PROFIT FOR THE FINANCIAL YEAR		3,607	3,963
Dividends for the year	8	<u>(7,100)</u>	<u>(4,750)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR		(3,493)	(787)
RETAINED PROFIT, at beginning of year		<u>4,364</u>	<u>5,151</u>
RETAINED PROFIT, at end of year		<u>871</u>	<u>4,364</u>

All activities derive from continuing operations.

The profits for 1999 and 1998 respectively are reported under the historical cost convention. There are no recognised gains and losses other than those included within the profit for the financial year.

The accompanying notes are an integral part of this profit and loss account.

**JOHN WILEY & SONS LIMITED**

**BALANCE SHEET  
AS AT 30 APRIL 1999**

	<b>Notes</b>	<b>1999 £000s</b>	<b>1998 £000s</b>
<b>FIXED ASSETS</b>			
Goodwill	9	75	165
Tangible assets	10	<u>3,966</u> <u>4,041</u>	<u>3,610</u> <u>3,775</u>
<b>CURRENT ASSETS</b>			
Stocks	11	6,208	6,213
Debtors	12	12,936	26,341
Cash at bank and in hand		<u>22,299</u> <u>41,443</u>	<u>3,995</u> <u>36,549</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(43,311)</u>	<u>(34,557)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(1,868)</u>	<u>1,992</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,173</u>	<u>5,767</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	<u>(802)</u>	<u>(903)</u>
<b>NET ASSETS</b>		<u>1,371</u>	<u>4,864</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	500	500
Profit and loss account		<u>871</u>	<u>4,364</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>1,371</u>	<u>4,864</u>

SIGNED ON BEHALF OF THE BOARD

Dr J H Jarvis

Director

10 September 1999

The accompanying notes are an integral part of this balance sheet.

## JOHN WILEY & SONS LIMITED

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 1999**

#### **1. STATEMENT OF ACCOUNTING POLICIES:**

The principal accounting policies, all of which have been applied consistently throughout the financial year and the preceding year, are:

**a) Basis of accounting:**

The accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards.

The company is exempt from the requirement of FRS1 revised to include a cashflow statement in its accounts because it is a wholly owned subsidiary of John Wiley & Sons, Inc. in whose accounts the company is consolidated.

**b) Turnover:**

Turnover represents the invoiced value of goods dispatched to customers, net of value added tax, discounts and returns.

**c) Goodwill:**

Goodwill, which represents the excess of purchase price over the book value of assets acquired, is shown at cost, and is amortised over a period of 5-10 years. Provision is made for any impairment.

**d) Tangible Fixed Assets:**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	5-10%
Furniture and fixtures	15%
Plant and equipment	20-33%
Motor cars	20-25%

**e) Stocks:**

Stocks comprise work-in-progress, finished goods and small amounts of raw materials, which are valued at the lower of first-in, first-out cost and net realisable value.

Net realisable value is based on normal selling price less further costs expected to be incurred to completion and sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

Included within stock and work-in-progress are composition costs which are charged to the Profit and Loss account over three years on a reducing balance basis.



## **NOTES TO THE ACCOUNTS (continued)**

### **1. STATEMENT OF ACCOUNTING POLICIES (continued):**

#### **f) Corporation Tax:**

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax on dividends paid in the year is recoverable against corporation tax payable, and is only written off where recoverability cannot be reasonably assured.

#### **g) Deferred taxation:**

Deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

#### **h) Editorial costs:**

Editorial and related costs are expensed as incurred.

#### **i) Royalty expense:**

Royalty expense is charged to the profit and loss account at the time of sale.

#### **j) Foreign currency translation:**

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the transaction date and amounts receivable and payable in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss resulting from a change in exchange rates subsequent to the date of the transaction is taken directly to the profit and loss account.

#### **k) Subscription revenues:**

Subscription revenues are generally collected in advance. These revenues are deferred and recognised when the related issue is sent to subscribers.

## **NOTES TO THE ACCOUNTS (continued)**

### **1. STATEMENT OF ACCOUNTING POLICIES (continued)**

#### **l) Pension costs:**

Retirement benefits for employees are provided by a defined benefit scheme which is funded by contributions from the company. The assets of the pension fund are held independently of the company. The amount charged to the profit and loss account represents the estimated regular cost of providing the benefits accrued in the year adjusted by spreading surpluses across the remaining average service life of employees in accordance with the requirements of the Statement of Standard Accounting Practice No. 24. Any differences between amounts charged to the profit and loss account and contributions is shown as a creditor or prepayment in the balance sheet.

#### **m) Leases:**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information is given in note 18a.

### **2. SEGMENT INFORMATION:**

Contributions to turnover were as follows:

	<b>1999</b>	<b>1998</b>
By geographical area -	£000s	£000s
United Kingdom	13,777	12,939
Continental Europe	15,429	14,795
Africa	933	912
United States	9,408	9,273
Rest of the World	11,427	10,901
	<u>50,974</u>	<u>48,820</u>

The company has a single class of business which is the publishing of books, journals and electronic products in the scientific, technical, educational and professional markets.

### **3. OTHER OPERATING EXPENSES:**

	<b>1999</b>	<b>1998</b>
	£000s	£000s
Distribution costs	2,671	2,385
Selling and marketing costs	6,810	6,366
Editorial	3,274	3,053
Administrative expenses	6,949	5,421
	<u>19,704</u>	<u>17,225</u>

## **NOTES TO THE ACCOUNTS (continued)**

### **4. OTHER INCOME (NET):**

	<b>1999</b> £000s	<b>1998</b> £000s
Interest receivable and similar income	1,343	612
Interest payable and similar charges on overdrafts and other loans	(2)	(1)
Foreign exchange gains	15	283
	<u>1,356</u>	<u>894</u>

### **5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:**

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<b>1999</b> £000s	<b>1998</b> £000s
Amortisation of goodwill	141	53
Depreciation	1,482	1,444
Profit on disposal of fixed assets	(50)	(34)
Operating lease rental -		
• property	792	804
Auditors' remuneration -		
• audit	62	60
• non audit services	55	94
Staff costs (note 6)	<u>12,534</u>	<u>11,352</u>

### **6. STAFF COSTS**

Employee costs during the year amounted to:

	<b>1999</b> £000s	<b>1998</b> £000s
Wages and salaries	10,763	9,905
Social security costs	894	738
Other pension costs (note 18b)	877	709
	<u>12,534</u>	<u>11,352</u>

The average monthly number of persons employed by the company during the year was as follows:

	<b>1999</b> (Number)	<b>1998</b> (Number)
Production and Editorial	132	131
Marketing and Promotion	86	87
Distribution and Customer Service	104	100
Administration	74	64
	<u>396</u>	<u>382</u>

## **NOTES TO THE ACCOUNTS (continued)**

### **6. STAFF COSTS (continued):**

Directors' remuneration:

The employee costs shown above include the following remuneration in respect of directors of the company:

	1999 £000s	1998 £000s
Emoluments	<u>865</u>	<u>800</u>

The number of directors who exercised their share options during the year was 2.

Pensions:

The number of directors who were members of pension schemes was as follows:

	1999	1998
Defined benefits schemes	<u>6</u>	<u>6</u>

Highest paid director:

The above amounts for remuneration include the following in respect of the highest paid director:

	1999	1998
Emoluments	<u>242</u>	<u>222</u>

The accrued pension entitlement under the company's defined benefits scheme of the highest paid director at 30th April 1999 was £63,333 (1998 - £56,430) and the accrued lump sum entitlement at 30th April 1999 was £99,156 (1998 - £88,370).

### **7. TAX ON PROFIT ON ORDINARY ACTIVITIES:**

The tax charge is based on the profit for the year and comprises:

	1999 £000s	1998 £000s
Corporation tax at 31% (1998 - 31%)	2,001	1,991
(Over)/under provision in prior year	(279)	4
Deferred taxation (note 13)	30	77
	<u>1,752</u>	<u>2,072</u>

### **8. DIVIDENDS:**

	1999 £000s	1998 £000s
Dividends for the year £14.20 per share (1998 - £9.50 per share)	<u>7,100</u>	<u>4,750</u>

## **NOTES TO THE ACCOUNTS (continued)**

### **9. GOODWILL**

The movement in the year was as follows:

	£000s
<b>COST -</b>	
Beginning of year	663
Additions	51
End of year	<u>714</u>
<b>AMORTISATION -</b>	
Beginning of year	498
Charge for the year	141
End of year	<u>639</u>
<b>NET BOOK VALUE, beginning of year</b>	<u>165</u>
<b>NET BOOK VALUE, end of year</b>	<u>75</u>

### **10. TANGIBLE FIXED ASSETS**

The movement in the year was as follows:

	Leasehold improvements £000s	Furniture & fixtures £000s	Plant & equipment £000s	Motor cars £000s	Total £000s
<b>COST -</b>					
Beginning of year	1,138	3,296	5,205	1,520	11,159
Additions	148	302	1,119	328	1,897
Disposals	-	-	(65)	(311)	(376)
End of year	<u>1,286</u>	<u>3,598</u>	<u>6,259</u>	<u>1,537</u>	<u>12,680</u>
<b>DEPRECIATION -</b>					
Beginning of year	935	1,978	3,919	717	7,549
Charge for the year	73	307	824	278	1,482
Disposals	-	-	(67)	(250)	(317)
End of year	<u>1,008</u>	<u>2,285</u>	<u>4,676</u>	<u>745</u>	<u>8,714</u>
<b>NET BOOK VALUE, beginning of year</b>	<u>203</u>	<u>1,318</u>	<u>1,286</u>	<u>803</u>	<u>3,610</u>
<b>NET BOOK VALUE, end of year</b>	<u>278</u>	<u>1,313</u>	<u>1,583</u>	<u>792</u>	<u>3,966</u>

## **NOTES TO THE ACCOUNTS (continued)**

### **11. STOCKS:**

The following are included in the net book value of stocks:

	<b>1999</b> £000s	<b>1998</b> £000s
Raw materials	140	199
Work-in-progress and unbound books	3,725	3,712
Finished goods	<u>2,343</u>	<u>2,302</u>
	<u><b>6,208</b></u>	<u><b>6,213</b></u>

### **12. DEBTORS:**

Amounts falling due within one year:

	<b>1999</b> £000s	<b>1998</b> £000s
Trade debtors	8,625	8,348
Amounts owed by ultimate parent company	-	13,550
Amounts owed by parent company	1,694	1,145
Amounts owed by other group undertakings	1,106	1,935
Prepayments and accrued income	<u>1,344</u>	<u>1,166</u>
	<b>12,769</b>	<b>26,144</b>
Amounts falling due after one year:		
Deferred tax asset (note 13)	<u>167</u>	<u>197</u>
	<u><b>12,936</b></u>	<u><b>26,341</b></u>

### **13. DEFERRED TAX ASSET:**

	<b>1999</b> £000s	<b>1998</b> £000s
Excess of tax allowances over book depreciation of fixed assets	(42)	(50)
Other timing differences related to -		
• pensions	206	256
• current assets and liabilities	<u>3</u>	<u>(9)</u>
	<u><b>167</b></u>	<u><b>197</b></u>

The movement on deferred taxation comprises:

	<b>1999</b> £000s	<b>1998</b> £000s
Beginning of year	197	274
(Charged)/credited to profit and loss, in respect of:		
• fixed assets	8	(36)
• pensions	(50)	(48)
• other timing differences	<u>12</u>	<u>7</u>
End of year	<u><b>167</b></u>	<u><b>197</b></u>

## **NOTES TO THE ACCOUNTS (continued)**

### **14. CREDITORS:**

Amounts falling due within one year:

	<b>1999</b> £000s	<b>1998</b> £000s
Trade creditors	4,873	4,525
Amount owed to ultimate parent	3,219	-
Amounts owed to other group undertakings	18,274	14,428
Other creditors -		
• UK corporation tax payable	922	835
• Social security and PAYE	267	244
Accruals	2,701	2,974
Deferred subscription revenue	<u>13,055</u>	<u>11,551</u>
	<u><b>43,311</b></u>	<u><b>34,557</b></u>

### **15. CREDITORS:**

Amounts falling due after more than one year:

	<b>1999</b> £000s	<b>1998</b> £000s
Pension accrual (note 18b)	782	876
Deferred subscription revenue	<u>20</u>	<u>27</u>
	<u><b>802</b></u>	<u><b>903</b></u>

### **16. CALLED-UP SHARE CAPITAL:**

	<b>1999</b> £000s	<b>1998</b> £000s
Authorised:		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted, called-up and fully-paid:		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

### **17. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS:**

	<b>1999</b> £000s	<b>1998</b> £000s
Profit for the financial year	3,607	3,963
Dividends	<u>(7,100)</u>	<u>(4,750)</u>
Retained loss for the year	(3,493)	(787)
Shareholders' funds, beginning of year	<u>4,864</u>	<u>5,651</u>
Shareholders' funds, end of year	<u><b>1,371</b></u>	<u><b>4,864</b></u>

## **NOTES TO THE ACCOUNTS (continued)**

### **18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:**

#### **a) Lease commitments:**

The company rents office and warehouse premises with leases expiring between 1998 and 2012 at current annual rentals totalling £804,000 (1998 - £696,000). The rents are subject to renegotiation at various intervals specified in the leases.

	<b>Property £000s</b>
<b>1999:</b>	
Operating leases which expire -	
• within 1 year	30
• within 2-5 years	71
• after 5 years	703
	<u>804</u>
<b>1998:</b>	
• within 1 year	29
• within 2-5 years	58
• after 5 years	609
	<u>696</u>

#### **b) Pension arrangements:**

The majority of the employees of the company participate in the John Wiley & Sons Limited Retirement Benefits Scheme. The pension cost for the year was £877,000 (1998 - £709,000).

The pension cost and related liability are assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was at 1 May 1996 and used the current unit method for lump sum death benefits and the projected unit method for other benefits. The main actuarial assumptions were that salaries would increase by 6.5% pa, pensions in payment by 4.0% pa and the return on the scheme investment would be 8.5% pa.

At the date of the latest actuarial valuation, the market value of the group scheme assets (excluding deposits relating to additional voluntary contributions) was £11,598,463 and the actuarial value of the assets was sufficient to cover 120% of the benefits that had accrued to members after allowing for expected future increases in earnings.

John Wiley & Sons Ltd Retirement Benefits Scheme itself bore all costs of administration and advisers' fees, except audit fees. The company made no recharges to the scheme.



## **NOTES TO THE ACCOUNTS (continued)**

### **c) Capital commitments:**

At 30 April 1999 the company had capital commitments of £209,000 which were authorised but not contracted for.

### ***19. RELATED PARTY TRANSACTIONS:***

As a subsidiary of John Wiley & Sons, Inc., the company has taken advantage of the exemption in FRS8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by John Wiley & Sons, Inc.

### ***20. ULTIMATE PARENT COMPANY:***

The smallest group in which the results of the company are consolidated is that headed by Wiley Europe Limited, of which the company is a wholly owned subsidiary and whose principal place of business is Baffins Lane, Chichester, West Sussex, where consolidated accounts of the UK group are available. The largest group in which they are also consolidated is that headed by John Wiley & Sons Inc, incorporated in the State of New York, USA, whose principal place of business is at 605 Third Avenue, New York, NY 10158-0012, USA, where consolidated accounts of this group are available to the public.