

**Company Registration No. 1993193**

**Highbury Columbus Travel Publishing  
Limited  
Report and Financial Statements**

**31 December 2004**



# **Highbury Columbus Travel Publishing Limited**

## **Report and financial statements 2004**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

# **Highbury Columbus Travel Publishing Limited**

## **Report and financial statements 2004**

### **Officers and professional advisers**

#### **Directors**

M A G Simpson  
O Davies

#### **Secretary**

O Davies

#### **Registered Office**

Jordan House  
47 Brunswick Place  
London  
N1 6EB

#### **Bankers**

Barclays Bank PLC  
54 Lombard Street  
London  
EC3V 9EH

#### **Solicitors**

DLA  
3 Noble Street  
London  
EC2V 7EE

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Highbury Columbus Travel Publishing Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **Principal activity and review of the business**

The principal activities of the company comprise the publishing of travel reference books.

The directors will continue to develop the activities of the company and seek new opportunities when they arise.

### **Results and dividends**

The profit for the year after taxation amounted to £238,713 (2003 - £1,035,031).

The Board does not recommend a final dividend (2003: £nil).

### **Change of ownership and source of financial support**

At the date of approval of these financial statements the Company is a subsidiary of Highbury House Communications PLC ("Highbury"). However, Highbury has entered into a purchase and sale agreement with Ergo Sciences Corporation ("Ergo") to sell Highbury's business division, of which the Company forms a part, which received shareholder approval on 29 March 2005. Completion is expected on 1 April 2005.

The Company relies on the continued financial support of its ultimate parent company to meet its obligations as they fall due. On 1 April 2005 Highbury will cease to provide such financial support to the company

In advance of completion, Ergo or one of its subsidiaries has approved a business plan for the Highbury business division being acquired, which includes the Company, and has undertaken that its UK subsidiaries and the Highbury business division entities will provide financial support to each other for a period of twelve months, and has obtained for the Highbury business division an unsecured overdraft facility of £2 million, due for review on 28 March 2006. All these financing arrangements are contingent on the acquisition completing as envisaged.

The directors of the company believe that the sale of the company to Ergo will complete as envisaged and therefore that such financial support as is required will be made available to the Company. Accordingly, completion on 1 April 2005 has been assumed and the financial statements have been prepared on the going concern basis.

### **Future prospects**

The directors believe the Company's business will develop following the reorganisation of Highbury Business and the Company's anticipated change in ownership.

### **Post Balance Sheet Event**

Subsequent to the year end the Company transferred its leasehold property and certain fixtures and fittings to Highbury House Communications PLC at their net book value.

# Highbury Columbus Travel Publishing Limited

## Directors' report

### Directors and their interests

The directors who held office throughout the year except as noted, were as follows:

I D Fletcher	(resigned 2 August 2004)
P A Torino	(resigned 27 September 2004)
M A G Simpson	(appointed 2 August 2004)
O Davies	(appointed 27 September 2004)

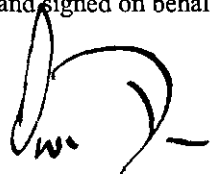
M A G Simpson and O Davies are directors of Highbury House Communications PLC which is the ultimate parent company. Their interests in the shares of Highbury House Communications PLC are disclosed in its annual report and accounts.

None of the directors had any interests in the share capital of the company, any other group company or subsidiary of Highbury House Communications PLC at any time during the year or the previous year.

### Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



O Davies  
Director

1.4. 2005

## **Highbury Columbus Travel Publishing Limited**

### **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Highbury Columbus Travel Publishing Limited**

We have audited the financial statements of *Highbury Columbus Travel Publishing Limited* for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

### *Change of ownership and source of financial support*

The Company relies on the continued financial support of its ultimate parent company in order for the adoption of the going concern basis to be appropriate. As set out in note 12, the Company's proposed acquisition by Ergo Sciences Corporation is due to complete on 1 April 2005 and the financial statements have been drawn up on the basis that completion will take place as envisaged. However, the availability of continued financial support depends upon completion taking place as envisaged, and in view of this uncertainty, we draw this matter to your attention, but our opinion is not qualified in this respect.

**Independent auditors' report to the members of  
Highbury Columbus Travel Publishing Limited (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

*1 April* 2005



# **Highbury Columbus Travel Publishing Limited**

## **Profit and loss account**

**Year ended 31 December 2004**

		2004	2003
	Note	2004	Restated
		£	(see note 4)
		£	£
Turnover	3	2,162,656	2,765,309
Cost of sales		(1,279,459)	(2,650,181)
<b>Gross profit</b>		<b>883,197</b>	<b>115,128</b>
Other administrative expenses		(723,860)	(830,881)
Exceptional incentive plan accrual release	4	215,044	-
Total administrative expenses		(508,816)	(830,881)
<b>Operating profit/(loss)</b>		<b>374,381</b>	<b>(715,753)</b>
Profit on disposal of fixed assets	6	-	1,563,295
Interest receivable and similar income		88	3,355
<b>Profit on ordinary activities before taxation</b>	4	<b>374,469</b>	<b>850,897</b>
Tax (charge)/credit on profit on ordinary activities	7	(135,756)	184,134
<b>Profit on ordinary activities after taxation and retained profit for the year transferred to reserves</b>		<b>238,713</b>	<b>1,035,031</b>

All results are derived from continuing activities.

The company has no recognised gains or losses other than the profit for the financial year, as shown above.

A reconciliation of equity shareholders' funds and movements on reserves is shown in note 15.

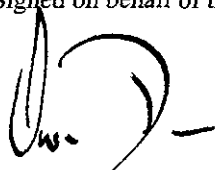
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	Note	2004 £	2003 £
<b>Fixed assets</b>			
Intangible assets	8	-	-
Tangible assets	9	319,391	481,300
		<u>319,391</u>	<u>481,300</u>
<b>Current assets</b>			
Stocks	10	231,599	378,484
Debtors	11	1,105,813	1,043,740
Cash at bank and in hand		248,791	282,554
		<u>1,586,203</u>	<u>1,704,778</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,059,207)</u>	<u>(1,578,404)</u>
<b>Net current assets</b>		<u>526,996</u>	<u>126,374</u>
<b>Net assets</b>		<u>846,387</u>	<u>607,674</u>
<b>Capital and reserves</b>			
Called up share capital	14	50,000	50,000
Profit and loss account	15	796,387	557,674
<b>Total equity shareholders' funds</b>		<u>846,387</u>	<u>607,674</u>

These financial statements were approved by the Board of Directors on 1.4. 2005.

Signed on behalf of the Board of Directors



O Davies  
Director

# Highbury Columbus Travel Publishing Limited

## Notes to the accounts

Year ended 31 December 2004

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards.

The following accounting policies have been applied consistently throughout the year and the preceding year.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cashflows of the company in its own published consolidated financial statements.

#### Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Advertising revenue is recognised on the mailing date of the relevant business publication.

Subscription revenue is recognised over the period of the subscription.

#### Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Freehold land and buildings	2% per annum on a straight line basis
Freehold improvement	10% per annum on a straight line basis
Leasehold improvements	10% per annum on a straight line basis or life of lease
Computer equipment	25% per annum on a straight line basis
Office equipment	10% per annum on a straight line basis

#### Intangible assets

Publishing rights and titles, databases, exhibition rights and other similar intangible assets are stated at cost on acquisition and are not revalued. The directors consider the economic life of these assets to be indefinite and consequently no charge is made to the profit and loss account. The directors perform an annual review of carrying values and provision is made, where appropriate, for any impairment of value. Internally developed intangible assets are not recognised.

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date. Any gains or losses on the retranslation of these balances are taken to the profit and loss account.

# Highbury Columbus Travel Publishing Limited

## Notes to the accounts

Year ended 31 December 2004

### 1. Accounting policies (continued)

#### Taxation

Corporation tax is provided on the taxable profit at the current rate.

Deferred tax is recognised in respect of all timing differences where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised when, on the basis of all available evidence, it is likely that there will be suitable taxable profits from which the reversal of the timing differences can be deducted.

### 2. Pension costs

Pensions are provided to certain employees through defined contribution schemes and the ultimate parent company, Highbury House Communications PLC, has a stakeholder pension scheme available to employees. The assets of the funded defined contribution schemes are held independently of the parent company by insurance companies.

The amount charged to the profit and loss account is the amount of contributions payable in the period. The company does not operate any defined benefit schemes.

### 3. Segment information

Turnover is analysed as follows:

	2004 £	2003 £
<b>Class of business:</b>		
Advertising income	765,709	1,393,737
Other including book sales	1,396,947	1,371,572
	<u>2,162,656</u>	<u>2,765,309</u>
<b>Geographical market – destination:</b>		
United Kingdom	941,638	914,586
Rest of Europe	552,585	766,217
Other markets	668,433	1,084,506
	<u>2,162,656</u>	<u>2,765,309</u>

# Highbury Columbus Travel Publishing Limited

## Notes to the accountsYear ended 31 December 2004

### 4. Profit on ordinary activities before taxation

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

	2004 £	2003 £
Depreciation of owned tangible fixed assets	172,925	273,142
Operating lease rentals		
Plant and machinery	-	338
Other	170,000	170,000
Exceptional accrual release	(215,044)	-

The basis of allocation of costs between cost of sales and administrative expenses has been revised this year as the directors believe this to be fairer reflection of the business. Prior year comparatives have been restated.

The exceptional accrual release relates to a provision for long term incentives made in previous years that is no longer deemed necessary.

The cost of the auditors' remuneration was borne by the company's parent company in the years ended 31 December 2003 and 2004. The parent company has agreed the auditors' remuneration for the whole of its group and it is not appropriate or meaningful to allocate part of the cost to Highbury Columbus Travel Publishing Limited.

### 5. Staff numbers and costs

	2004 £	2003 £
<b>Directors' remuneration</b>		
Fees	-	59,331
Pension contributions	-	1,196
	-	60,527
	No.	No.
<b>Average number of persons employed (including directors)</b>		
Editorial and production	12	13
Sales and marketing	15	14
Administration	3	20
	30	47
	£	£
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	775,510	1,481,299
Social security costs	89,699	144,134
Pension costs	15,749	21,544
	880,958	1,646,977

All of the directors in office during the year were paid by Highbury House Communications PLC, and their remuneration is disclosed within the annual report and financial statements for that company. The number of directors accruing retirement benefits under defined contribution schemes for the year was nil (2003: one).

# Highbury Columbus Travel Publishing Limited

## Notes to the accounts

Year ended 31 December 2004

### 6. Exceptional items

	2004 £	2003 £
Profit on sale of freehold land and buildings	-	1,563,295

### 7. Tax charge/(credit) on profit on ordinary activities

The tax charge/(credit) is based on the profit for the year and comprises:

	2004 £	2003 £
UK corporation tax at 30% (2003: 30%)	-	-
Group relief	60,024	(118,352)
Adjustment in respect of prior years	(17,203)	(22,869)
Total current charge/(credit)	42,821	(141,221)
Deferred tax charge/(credit) on profits of the year:		
Timing differences, origination and reversal	69,996	(42,913)
Adjustment in respect of prior years	22,939	-
Total deferred charge/(credit)	92,935	(42,913)
Charge/(credit) for the year	135,756	(184,134)

The tax charge is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

Profit on ordinary activities before tax	374,469	850,897
Tax on profit on ordinary activities at standard rate of corporation at 30% (2003: 30%)	112,341	255,269
Expenses not deductible for tax purposes	(46,842)	20,602
Write-down on group loans	-	31,853
Capital allowances for year in excess of depreciation and other timing differences	(5,475)	42,913
Profit on disposal of ineligible assets	-	(468,989)
Adjustment in respect of prior years	(17,203)	(22,869)
Company current tax charge/(credit) for period	42,821	(141,221)

# Highbury Columbus Travel Publishing Limited

## Notes to the accounts Year ended 31 December 2004

### 8. Intangible fixed assets

	Total £
<b>Cost</b>	
At 1 January 2004 and 31 December 2004	24,642
<b>Accumulated amortisation</b>	
At 1 January 2004 and 31 December 2004	24,642
<b>Net book value</b>	
At 1 January 2004 and 31 December 2004	-

### 9. Tangible fixed assets

	Leasehold property/ improvements £	Computer equipment £	Furniture, fittings and office equipment £	Total £
<b>Cost</b>				
At 1 January 2004	420,301	994,042	695,521	2,109,864
Additions	-	9,371	1,645	11,016
Transfers to group companies	-	(67,070)	-	(67,070)
At 31 December 2004	420,301	936,343	697,166	2,053,810
<b>Accumulated depreciation</b>				
At 1 January 2004	266,742	918,968	442,854	1,628,564
Charge for the year	55,900	58,119	58,906	172,925
Transfers to group companies	-	(67,070)	-	(67,070)
At 31 December 2004	322,642	910,017	501,760	1,734,419
<b>Net book value</b>				
At 31 December 2004	97,659	26,326	195,406	319,391
At 31 December 2003	153,559	75,074	252,667	481,300

# **Highbury Columbus Travel Publishing Limited**

## **Notes to the accounts**

**Year ended 31 December 2004**

### **10. Stocks**

	2004 £	2003 £
Work in progress	38,726	136,508
Finished goods and goods for resale	192,873	241,976
	<u>231,599</u>	<u>378,484</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### **11. Debtors**

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	748,626	558,023
Other debtors	29,021	30,129
Prepayments and accrued income	272,938	307,425
Deferred tax (see note 13)	55,228	148,163
	<u>1,105,813</u>	<u>1,043,740</u>

### **12. Creditors: amounts falling due within one year**

	2004 £	2003 £
Trade creditors	4,846	24,496
Amounts due to group undertakings	762,412	1,119,523
Group relief	60,024	-
Other creditors	18,706	-
Accruals and deferred income	213,219	434,385
	<u>1,059,207</u>	<u>1,578,404</u>

At the date of approval of these financial statements the Company is a subsidiary of Highbury House Communications PLC ("Highbury"). However, Highbury has entered into a purchase and sale agreement with Ergo Sciences Corporation ("Ergo") to sell Highbury's business division, of which the Company forms a part, which received shareholder approval on 29 March 2005. Completion is expected on 1 April 2005.

The Company relies on the continued financial support of its ultimate parent company to meet its obligations as they fall due. On 1 April 2005 Highbury will cease to provide such financial support to the company

In advance of completion, Ergo or one of its subsidiaries has approved a business plan for the Highbury business division being acquired, which includes the Company, and has undertaken that its UK subsidiaries and the Highbury business division entities will provide financial support to each other for a period of twelve months, and has obtained for the Highbury business division an unsecured overdraft facility of £2 million, due for review on 28 March 2006. All these financing arrangements are contingent on the acquisition completing as envisaged.

The directors of the company believe that the sale of the company to Ergo will complete as envisaged and therefore that such financial support as is required will be made available to the Company.



# Highbury Columbus Travel Publishing Limited

## Notes to the accounts

Year ended 31 December 2004

### 13. Deferred tax

	2004 £	2003 £
Capital allowances in excess of depreciation	55,228	83,642
Timing differences	-	64,521
	<u>55,228</u>	<u>148,163</u>
The movement during the year was:		
Balance at beginning of year	148,163	105,250
(Credit)/charge to profit and loss account	(92,935)	42,913
Balance at end of year	<u>55,228</u>	<u>148,163</u>

### 14. Called up share capital

	2004 £	2003 £
Authorised, allotted, called up and fully paid 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

### 15. Reconciliation of equity shareholders' funds and movements on reserves

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2004	50,000	557,674	607,674
Retained profit for the year	-	238,713	238,713
At 31 December 2004	<u>50,000</u>	<u>796,387</u>	<u>846,387</u>

### 16. Lease commitments

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

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Operating leases which expire Between two and five years	<u>170,000</u>	<u>170,000</u>	<u>-</u>	<u>8,594</u>

## **Highbury Columbus Travel Publishing Limited**

### **Notes to the accounts**

#### **Year ended 31 December 2004**

##### **17. Contingent liabilities**

The bank loans and overdraft of the Highbury House Communications PLC group are secured by fixed and floating charges over certain assets of the Group.

There are cross guarantees with the parent company and certain fellow subsidiary undertakings.

The maximum liability under the cross-guarantee as at 31 December 2004 is £67,000,000 plus costs of recovery (2003: £69,000,000) and at the same date the amount outstanding was £65,365,000 (2003: £64,767,000).

If the sale of the Highbury Business division to Ergo completes on 1 April 2005 as envisaged, all the companies being sold, including the Company, will each provide a cross guarantee and legal charge over its assets as security for the £2 million net overdraft facility to be provided by Barclays to Nexus Media Communications Limited.

##### **18. Related party disclosures**

The company has taken advantage of the exemption in paragraph 17 of FRS 8 "Related Party Disclosures" not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

##### **19. Post Balance Sheet Event**

Subsequent to the year end the Company transferred its leasehold property and certain fixtures and fittings to Highbury House Communications PLC at their net book value.

##### **20. Ultimate parent company and controlling party**

The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is Highbury House Communications PLC, a company incorporated in Great Britain. The parent undertaking of the smallest such group is Columbus Holdings Limited, a company incorporated in Great Britain. Copies of the group financial statements of Highbury House Communications PLC are available from Jordan House, 47 Brunswick Place, London N1 6EB.

The directors regard Highbury House Communications PLC as the ultimate controlling party which is also the ultimate parent company. Columbus Holdings Limited is the immediate parent company.

Highbury House Communications PLC has entered into a purchase and sale agreement with Ergo Sciences Corporation to sell Highbury's business division, of which the Company forms a part, which received shareholder approval on 29 March 2005. Completion is expected on 1 April 2005.