

Company No: 1993193

Highbury Columbus Travel Publishing Limited

Annual Report and Financial Statements

Year ended 31 December 2003



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Highbury Columbus Travel Publishing Limited
DIRECTORS, SECRETARY AND ADVISERS

DIRECTORS

M.A.G Simpson
O. Davies
D.D. Frank

SECRETARY

H.K. Anjarwalla

AUDITORS

Deloitte & Touche LLP,
Chartered Accountants,
London

BANKERS

Barclays Bank PLC
54 Lombard Street
London, EC3V 9EH

SOLICITORS

DLA
3 Noble Street
London, EC2V 7EE

REGISTERED OFFICE

The Publishing House
1-3 Highbury Station Road
Islington
London, N1 1SE

DIRECTORS' REPORT

The Board of Directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 2003.

Results and Dividends

The profit for the year after taxation, amounted to £1,035,031 (2002: £158,629).

The Board does not recommend a final dividend (2002 - £Nil).

Principal Activity and Review of the Business

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

The company sold its freehold office during the year, to a fellow subsidiary company, at a profit of £1,563,000. This fellow subsidiary later sold the premises to a third party. The company has moved its base of operations to an office own by a fellow subsidiary of the ultimate parent company.

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

Financing

The Company and its fellow subsidiaries rely on the availability of funding from its ultimate parent company, Highbury House Communications PLC. The group is actively exploring ways of reducing its debt including the sale of Highbury Business. The group's syndicate of banks has agreed variations to its existing facilities in order to allow for new covenant levels for future periods to be agreed with the banks by 31 December 2004. The Board believes that these new financing arrangements will be concluded satisfactorily.

Directors and their Interests

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

D.D. Frank

T.J. Westbrook (resigned 7 February 2003)

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)

I.D. Fletcher and P.A. Torino were directors of Highbury House Communications PLC which is the ultimate parent company of the 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

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

The report of the directors was approved by the Board on

29/10/04

and signed on its behalf by



O. Davies
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

United Kingdom company law requires 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, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Highbury Columbus Travel Publishing Limited

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 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 audit 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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 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

29 October 2004

Highbury Columbus Travel Publishing Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December

	Notes	2003 £	2002 £
TURNOVER	3	2,765,309	3,733,509
Cost of sales		<u>(2,233,289)</u>	<u>(2,457,156)</u>
GROSS PROFIT		532,020	1,276,353
Administrative Expenses		<u>(1,247,773)</u>	<u>(1,000,525)</u>
OPERATING (LOSS)/ PROFIT		(715,753)	275,828
Profit on disposal of fixed assets	6	1,563,295	-
Interest receivable and similar income		<u>3,355</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	850,897	275,828
Tax credit/(charge) on profit on ordinary activities	7	<u>184,134</u>	<u>(117,199)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR TRANSFERRED TO RESERVES		<u>1,035,031</u>	<u>158,629</u>

All results are derived from continuing activities.

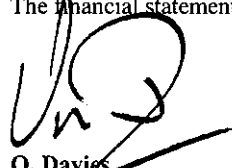
The Company has no recognised gains or losses other than the profit for the financial year, as shown above.

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

Highbury Columbus Travel Publishing Limited
BALANCE SHEET
at 31 December

	Notes	2003 £	2002 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	481,300	927,221
		<u>481,300</u>	<u>927,221</u>
CURRENT ASSETS			
Stocks	10	378,484	408,106
Debtors	11	1,043,740	1,632,031
Cash at bank and in hand		282,554	412,422
		<u>1,704,778</u>	<u>2,452,559</u>
CREDITORS: amounts falling due within one year	12	(1,578,404)	(3,807,139)
NET CURRENT ASSETS/(LIABILITIES)		<u>126,374</u>	<u>(1,354,580)</u>
NET ASSETS/(LIABILITIES)		<u>607,674</u>	<u>(427,359)</u>
CAPITAL AND RESERVES			
Called up share capital	14	50,000	50,000
Profit and loss account	15	557,674	(477,357)
SHAREHOLDERS' FUNDS/(DEFICIT)		<u>607,674</u>	<u>(427,357)</u>

The financial statements were approved by the Board on 29.10.04


O. Davies
Director

and signed on its behalf by

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

The financial statements have been prepared on the going concern basis. The Company relies on the continued financial support of its ultimate parent company, Highbury House Communications PLC, which has confirmed that such support will be provided for the foreseeable future as necessary, but that such support will be withdrawn in the event of a sale of the Company.

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 improvements	10% per annum on a straight line basis
Leasehold improvements	10% per annum on a straight line basis or life of the 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.

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:

	2003 £	2002 £
Class of business:		
Advertising income	1,393,737	1,812,869
Other including book sales	1,371,572	1,920,640
	<u>2,765,309</u>	<u>3,733,509</u>
Geographical market - destination:		
United Kingdom	914,586	1,220,960
Rest of Europe	766,217	978,236
Other markets	1,084,506	1,534,313
	<u>2,765,309</u>	<u>3,733,509</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):	2003 £	2002 £
Depreciation of owned tangible fixed assets	273,142	255,507
Operating lease rentals - plant and machinery	338	11,484
Operating lease rentals - other	170,000	192,621

The cost of the Auditors' remuneration was borne by the Company's parent Company in the years ended 31 December 2002 and 2003. 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

The average number of persons (including directors) employed by the Company during the year were:

	2003 Number	2002 Number
Editorial and production	13	19
Sales and marketing	14	22
Administration	20	29
	<u>47</u>	<u>70</u>

Their aggregate remuneration comprised:

	2003 £	2002 £
Wages and salaries	1,481,299	1,983,945
Social security costs	144,134	196,318
Other pension costs	21,544	44,716
	<u>1,646,977</u>	<u>2,224,979</u>

I.D. Fletcher and P.A. Torino were paid by Highbury House Communications PLC and their remuneration is disclosed within the annual report and financial statements for this group.

	2003 £	2002 £
The directors of the Company received during the year:		
Remuneration	59,331	85,583
Pension contributions	1,196	8,050
	<u>60,527</u>	<u>93,633</u>

The number of directors accruing retirement benefits under defined contribution schemes for the year was one (2002: two)

6. EXCEPTIONAL ITEMS

	2003 £	2002 £
Profit on sale of Freehold Land and Buildings	<u>1,563,295</u>	<u>-</u>

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

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

	2003 £	2002 £
(Group relief)/U.K. Corporation tax charge at 30% (2002: 30%)	(118,352)	(118,026)
Overseas tax	-	5,424
Prior year adjustment	<u>(22,869)</u>	<u>(13,095)</u>
Total current charge	<u>(141,221)</u>	<u>(125,697)</u>
Deferred tax charge/(credit) on profits of the year		
Timing differences, origination and reversal	(42,913)	242,896
(Credit)/charge for the year	<u>(184,134)</u>	<u>117,199</u>

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

Profit on ordinary activities before tax	<u>850,897</u>	<u>275,828</u>
Tax on profit on ordinary activities at standard rate of corporation tax at 30% (2002: 30%)	255,269	82,748
Expenses not deductible for tax purposes	20,602	42,122
Write-down of group loans	31,853	-
Capital allowances for year in excess of depreciation and other timing differences	42,913	(242,896)
Profit on disposal of ineligible assets	(468,989)	-
Overseas tax	-	5,424
Adjustment to prior year	(22,869)	(13,095)
Company current tax credit for period	<u><u>(141,221)</u></u>	<u><u>(125,697)</u></u>

8. INTANGIBLE FIXED ASSETS

	Total £
Cost:	
At 1 January 2003 and 31 December 2003	24,642
Accumulated amortisation	
At 1 January 2003 and 31 December 2003	24,642
Net book value	
At 1 January 2003 and 31 December 2003	<u><u>-</u></u>

Highbury Columbus Travel Publishing Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TANGIBLE FIXED ASSETS

	Freehold property/ improvements £	Leasehold property/ improvements £	Computer equipment £	Furniture, fittings and office equipment £	Total £
Cost:					
At 1 January 2003	590,483	405,354	870,229	595,001	2,461,067
Additions	-	14,947	6,710	88,865	110,522
Transfers (to)/from group companies	(590,483)	-	117,103	11,655	(461,725)
At 31 December 2003	-	420,301	994,042	695,521	2,109,864
Accumulated depreciation:					
At 1 January 2003	234,287	211,093	707,898	380,568	1,533,846
Charge for the year	11,208	55,649	143,999	62,286	273,142
Transfers (to)/from group companies	(245,495)	-	67,071	-	(178,424)
At 31 December 2003	-	266,742	918,968	442,854	1,628,564
Net book value					
At 31 December 2003	-	153,559	75,074	252,667	481,300
At 31 December 2002	356,196	194,261	162,331	214,433	927,221

10. STOCKS

	2003 £	2002 £
Work in progress	241,976	159,930
Finished goods and goods for resale	136,508	248,176
	<u>378,484</u>	<u>408,106</u>

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

11. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	558,023	725,317
Amounts due from group undertakings	-	215,000
Other debtors	30,129	13,142
Prepayments and accrued income	307,425	573,322
Deferred tax (see note 13)	148,163	105,250
	<u>1,043,740</u>	<u>1,632,031</u>

The Company and its fellow subsidiaries rely on the availability of funding from its ultimate parent company, Highbury House Communications PLC. The group is conducting a strategic review and pending the outcome of that review has reached agreement with its bankers that covenants under the terms of its banking facility must be reset at appropriate levels by 31 December 2004. The Board believes that it will secure a satisfactory agreement with the group's bankers.

Highbury Columbus Travel Publishing Limited
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CREDITORS: amounts falling due within one year

	2003 £	2002 £
Trade creditors	24,496	37,442
Amounts due to group undertakings	1,119,523	3,252,132
Other creditors	-	39,982
Accruals and deferred income	434,385	477,583
	<u>1,578,404</u>	<u>3,807,139</u>

The Company and its fellow subsidiaries rely on the availability of funding from its ultimate parent company, Highbury House Communications PLC. The group is conducting a strategic review and pending the outcome of that review has reached agreement with its bankers that covenants under the terms of its banking facility must be reset at appropriate levels by 31 December 2004. The Board believes that it will secure a satisfactory agreement with the group's bankers.

13. DEFERRED TAX

	2003 £	2002 £
Capital allowances in excess of depreciation	83,642	40,729
Timing differences	64,521	64,521
	<u>148,163</u>	<u>105,250</u>

The movement during the year was:

Balance at beginning of year	105,250	348,146
(Charge)/credit to profit and loss account	42,913	(242,896)
Balance at end of year	<u>148,163</u>	<u>105,250</u>

14. CALLED UP SHARE CAPITAL

	2003 £	2002 £
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 2003	50,000	(477,357)	(427,357)
Retained profit for the year	-	1,035,031	1,035,031
At 31 December 2003	<u>50,000</u>	<u>557,674</u>	<u>607,674</u>

16. LEASE COMMITMENTS

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

	Land and Buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Operating leases which expire				
- within one year	-	-	-	-
- between two and five years	170,000	170,000	8,594	8,386
- after five years	-	-	-	-
	<u>170,000</u>	<u>170,000</u>	<u>8,594</u>	<u>8,386</u>

17. 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.

18. 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 The Publishing House, 1-3 Highbury Station Road, Islington, London, N1 1SE.

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.