

CAVENDISH PUBLISHING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 1999



Cavendish  
Publishing  
Limited



## INDEX TO THE FINANCIAL STATEMENTS

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6

## COMPANY INFORMATION

DIRECTORS:	Ms K J Reddy Dr K M Reddy
SECRETARY:	Ms K J Reddy
REGISTERED OFFICE:	The Glass House Wharton Street London WC1X 9PX
REGISTERED NUMBER:	02235830
AUDITORS:	Messrs Burrows & Edwards Chartered Certified Accountants Registered Auditors 2 Meadow Court High Street Witney Oxon OX8 6LP

# REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the company for the year ended 30th June 1999.

## Principal activity

The principal activity of the company in the period under review was that of publishing law and medico-legal books and journals for students, academics and practitioners.

## Review of the business

The company made a profit of £160,543 (1998 - £63,481) after corporation tax during the period under review and had reserves at the end of the year of £385,095. The results of the company are as shown in the annexed financial statements.

## Dividends

The directors do not propose any distribution of dividends for the year ended 30th June 1999.

## Directors

The directors of the company in office during the period were as follows:

### Name

K J Reddy  
K M Reddy

The beneficial interests in the issued share capital are as follows:

Name	Ordinary £1 shares	
	30.6.99	30.6.98
Cavendish Publishing (Jersey) Limited	100	100

K J Reddy and K M Reddy are directors of the ultimate holding company. Their shareholding in that company are disclosed in the accounts of that company.

## Statement of directors' responsibilities

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 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 judgments and estimates that are reasonable and prudent;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

The auditors, Messrs Burrows & Edwards, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the Board

Ms K J Reddy  
Secretary

Dated: 9.09.99

# REPORT OF THE AUDITORS

The auditors submit their report to the members of Cavendish Publishing Limited.

We have audited the financial statements on pages four to nine which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page six.

## Respective responsibilities of directors and auditors

As described on page two, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

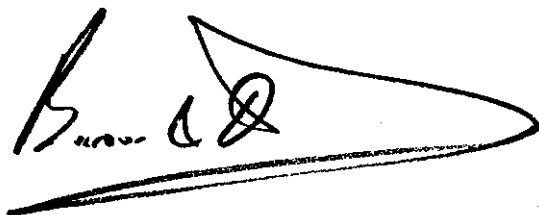
## Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgments 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.

## Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30th June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Messrs Burrows & Edwards  
Chartered Certified Accountants  
Registered Auditors  
2 Meadow Court  
High Street  
Witney  
Oxon OX8 6LP

Dated: 09.09.99

# PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1999

	Notes	— 30.6.99 — £	£	— 30.6.98 — £	£
TURNOVER	2		1,923,138		1,834,031
Cost of sales			1,020,815		938,311
GROSS PROFIT			902,323		895,720
Administrative expenses			665,722		737,211
OPERATING PROFIT	3		236,601		158,509
Interest receivable	14		1,830		—
			238,431		158,509
Interest payable and similar charges			33,244		19,292
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			205,187		139,217
Prior year adjustment	13		—		55,588
			205,187		83,629
Tax on profit after prior year adjustment			44,644		20,148
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			160,543		63,481
Halifax shares received	4		400		—
Retained profit brought forward			224,152		160,671
RETAINED PROFIT CARRIED FORWARD			£385,095		£224,152

## Continuing operations

None of the company's activities were acquired or discontinued during the current and previous years.

The notes on pages 6 to 9 form part of these financial statements

# BALANCE SHEET

as at 30th June 1999

	Notes	— 30.6.99 — £	£	— 30.6.98 — £	£
<b>FIXED ASSETS</b>					
Tangible assets	4		603,499		430,709
Investments	4		400		—
Intangible assets	5		45,760		47,840
			<u>649,659</u>		<u>478,549</u>
<b>CURRENT ASSETS</b>					
Stocks	6	453,156		441,904	
Debtors	7	371,422		345,922	
Cash at bank	*	101,024		1,261	
			<u>925,602</u>		<u>789,087</u>
<b>CREDITORS:</b>					
amounts due within one year	8	<u>525,667</u>		<u>495,109</u>	
<b>NET CURRENT ASSETS</b>			399,935		293,978
<b>TOTAL ASSETS LESS</b>					
<b>CURRENT LIABILITIES</b>			<u>1,049,594</u>		<u>772,527</u>
<b>CREDITORS:</b>	9				
amounts due after more than one year			<u>329,399</u>		<u>363,275</u>
			<u>£720,195</u>		<u>£409,252</u>
Represented by:					
<b>CAPITAL AND RESERVES</b>					
Issued and fully paid up					
share capital	11		100		100
Revaluation reserve	12		335,000		185,000
Profit and loss account			<u>385,095</u>		<u>224,152</u>
			<u>£720,195</u>		<u>£409,252</u>

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in section 247 of the Companies Act 1985.

Director

Approved by the Board on 9.09.99

The notes on pages 6 to 9 form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1999

## 1 ACCOUNTING POLICIES

### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

### Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures & fittings                      -                      25% on reducing balance

### Intangible fixed assets

The amount paid as a result of acquisitions is being written off evenly over its estimated useful life of 25 years.

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Stocks are valued at cost including all direct expenditure. Cost does not include any element of fixed or variable overheads.

### Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

## 2 TURNOVER

The turnover and profit before taxation are attributable to the principal activity of the company, namely that of publishing educational books and journals.

## 3 OPERATING PROFIT

The operating profit is stated after charging:

	1999	1998
	£	£
Directors' remuneration	-	-
Depreciation on tangible fixed assets	6,765	7,177
Amortisation on intangible fixed assets	2,080	2,080
Auditors' remuneration	2,500	2,500
	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1999

## 4 TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures & fittings £	Totals £
<b>Cost or valuation:</b>			
As at 1st July 1998	408,363	69,738	478,101
Revaluation	150,000	—	150,000
Additions	—	29,555	29,555
	<u>558,363</u>	<u>99,293</u>	<u>657,656</u>
	=====	=====	=====
<b>Depreciation:</b>			
As at 1st July 1998	—	47,392	47,392
Charge for the year	—	6,765	6,765
	<u>—</u>	<u>54,157</u>	<u>54,157</u>
	=====	=====	=====
<b>Net book value:</b>			
As at 30th June 1999	£558,363	£45,136	£603,499
	=====	=====	=====
As at 30th June 1998	£408,363	£22,346	£430,709
	=====	=====	=====

No provision is made for depreciation of freehold property because the directors are of the opinion that the value of the property will be maintained and to include such a provision will mean that an accurate assessment of the value of the property is not reflected in the accounts.

The freehold property was revalued by a firm of chartered surveyors on 10 August 1999 at £550,000.

**Investments:** The Company received 400 free 6 1/8 Non-Cumulative Preference Shares of £1 each from Halifax plc.

## 5 INTANGIBLE FIXED ASSETS

	Totals £
<b>Cost:</b>	
As at 1st July 1998	52,000
<b>Amortisation:</b>	
As at 1st July 1998	4,160
Charge for the year	2,080
	<u>6,240</u>
	=====
<b>Net book value:</b>	
As at 30th June 1999	£45,760
	=====
As at 30th June 1998	£47,840
	=====

## 6 STOCKS

	30.6.99	30.6.98
Finished books for sale and		
Work in progress	453,156	423,415
Stock of marketing materials	—	18,489
	<u>453,156</u>	<u>441,904</u>
	=====	=====



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1999

<b>7 DEBTORS:</b>		
amounts due within one year	30.6.99	30.6.98
	£	£
Trade debtors	249,722	247,494
Other debtors	94,120	87,989
VAT	13,003	4,547
Prepayments	14,577	5,892
	<u>£371,422</u>	<u>£345,922</u>
	=====	=====

Other debtors at 30th June 1999 include £94,120 owed to Cavendish Publishing Limited by the Australian subsidiary of Cavendish Publishing (Jersey) Limited. In addition, there is a total of £59,280 included in trade debtors.

<b>8 CREDITORS:</b>		
amounts due within one year	30.6.99	30.6.98
	£	£
Trade creditors	429,685	229,497
Accruals	13,319	60,332
Bank loans and overdrafts (see Note 10)	18,446	185,207
Hire purchase account	19,021	—
Corporation tax	45,196	20,073
	<u>£525,667</u>	<u>£495,109</u>
	=====	=====

<b>9 CREDITORS:</b>		
amounts due after more than one year	30.6.99	30.6.98
	£	£
Bank loan (see Note 10)	264,399	288,275
Directors' loan account	65,000	75,000
	<u>£329,399</u>	<u>£363,275</u>
	=====	=====

The directors have given an undertaking not to withdraw amounts loaned to the company within the next year to the detriment of the company and its creditors.

## **10 LOANS AND OVERDRAFTS**

The aggregate amount of loans and overdrafts was as follows:

	30.6.99	30.6.98
	£	£
Amounts falling due within one year:		
Bank overdrafts	—	185,207
Amounts falling due after more than one year:		
Bank loan	264,399	288,275
Aggregate amounts	<u>£264,399</u>	<u>£473,482</u>
	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 1999

## 11 CALLED UP SHARE CAPITAL

			30.6.99	30.6.98
Authorised, allotted, issued and fully paid:				
Number:	Class:	Nominal value:		
100	Ordinary shares	£1	£100	£100
			=====	=====

## 12 REVALUATION RESERVE

		30.6.99	30.6.98
Brought forward		185,000	35,000
Revaluation of freehold property		150,000	150,000
		<u>£335,000</u>	<u>£185,000</u>
		=====	=====

## 13 PRIOR YEAR ADJUSTMENT

The prior year adjustment of £55,588 in 1998 related to the value of books returned from bookshops relating to the year ended 30th June 1997, which were made after the June 1998 audit was completed.

## 14 INTEREST RECEIVABLE

	30.6.99	30.6.98
	£	£
Deposit account interest	1,830	-
	=====	=====

## 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	30.6.99	30.6.98
	£	£
Profit for the financial year	160,543	63,481
Halifax shares received	<u>400</u>	<u>-</u>
Net addition to shareholders funds	160,943	63,481
Opening shareholders funds	<u>224,152</u>	<u>160,671</u>
Closing shareholders funds	<u>£385,095</u>	<u>£224,152</u>
	=====	=====

## 16 STAFF COSTS

	30.6.99	30.6.98
Wages and salaries	£113,940	£134,142
	=====	=====

The average weekly number of employees during the year was as follows:

	30.6.99	30.6.98
Directors	2	2
Employees	8	8
	===	===

## 17 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Cavendish Publishing (Jersey) Limited, a company registered in Jersey.