

REGISTRAR

CARLTON BOOKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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CARLTON BOOKS LIMITED

COMPANY INFORMATION

Directors

J. R. Goodman
P. A. Murray-Hill
R. J. Porter
J. S. Greenhough
S. A. Corteel
J. D. E. Gough
A. D. Jensen

Registered number

02625229

Registered office

20 Mortimer Street
London
W1T 3JW

Independent auditors

Simmons Gainsford LLP
Chartered Accountants & Statutory Auditors
7-10 Chandos Street
London
W1G 9DQ

CARLTON BOOKS LIMITED

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CARLTON BOOKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their report and financial statements for the period ended 31 December 2016.

The company is a wholly owned subsidiary of Jonathan Goodman Publishing Limited which prepares consolidated Group financial statements that are publicly available. The directors believe that the Group financial statements of its parent company should be referred to in conjunction with the financial statements of Carlton Books Limited for a better understanding of the company's contribution to the performance and activities of the Group.

Business review

At the date of this report, the directors are not aware of any likely changes in the company's principal activities in the next financial year.

The directors report an operating profit of 11% on turnover, an increase on the previous year. This is mainly attributed to an increase in turnover of 17% and an improved gross margin of 3%. The company continued to ensure that its overhead expenditure was tightly controlled. The net assets, as shown on page 8, increased by 10% as a result of a decrease in trade creditors and an increase in cash at bank.

The company has maintained a healthy cash flow throughout the year.

The company has retained its existing customers and actively seeks to attract new customers by designing and timing its publications to fit and meet its customer expectations.

The company continues to invest in the creation of new titles and formats. The directors regard continuous investment as a prerequisite for the company's medium to long term performance. The company's financial performance at the balance sheet date and its performance in the year was in line with the expectations of the directors.

Financial key performance indicators

The financial indicators of the company are:

	2016 £000	2015 £000	Variance %
Turnover	14,620	12,531	+17
Gross profit	5,734	4,518	+27
Profit before tax	1,550	670	+132
EBITDA	1,577	721	+119
Net assets	6,927	6,290	+10

CARLTON BOOKS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks and uncertainties

The directors principally manage the risks in the business via a risk management programme. This enables the directors to monitor and manage those risks that have an impact on the financial assets and liabilities of the Group companies with the aim of limiting any adverse effects on its overall performance. In addition to this, detailed management accounts, cash flow analysis and budgets are reviewed by the directors on a regular basis. The operations of the company expose it to a number of financial risks including credit risk, price risk, liquidity risk and currency rate risk. These risks are included in the risk management programme and the directors have implemented the necessary procedures to effectively mitigate the company's exposure. In relation to credit risk, the company has made arrangements for credit insurance. The directors also regularly review the amounts due from trade debtors and customer credit limits. The company mitigates its exposure to price risk by agreeing publishing costs in advance with its suppliers.

The cash flow of the company is managed on a daily basis and cash and bank reconciliations are reviewed regularly. Stock levels are updated daily by a stock management system. The directors monitor stock levels and its impact on cash regularly in order to mitigate the exposure to liquidity risk. The company has addressed the risk of currency rate fluctuations, which affect both its turnover and supply costs, with the use of foreign currency bank accounts and derivative financial instruments in the form of contracts for the forward purchase of US Dollars and Euros. The directors regularly review factors involved with currency rate risk based on information available on the financial markets and appropriate action is taken where necessary.

This report was approved by the board and signed on its behalf.

.....
J. R. Goodman
Director

Date: 31/07/17

CARLTON BOOKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Principal activity

The principal activity of the company continued to be that of the publication of books.

Results and dividends

The profit before interest and taxation for the year amounted to £1,538,425 (2015 - £656,866). The profit after taxation amounted to £1,237,693 (2015 - £561,339).

During the year the company paid a dividend of £600,000 (2015: £600,000).

Directors

The directors who served during the year were:

J. R. Goodman
P. A. Murray-Hill
R. J. Porter
A. M. Whitton (resigned 29 April 2016)
J. S. Greenhough
S. A. Corteel
J. D. E. Gough
A. D. Jensen

CARLTON BOOKS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


J. R. Goodman
Director

Date:

31/07/17

CARLTON BOOKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARLTON BOOKS LIMITED

We have audited the financial statements of Carlton Books Limited for the year ended 31 December 2016, set out on pages 7 to 22. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

CARLTON BOOKS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARLTON BOOKS LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Shilen Manek ACA FCCA (Senior Statutory Auditor)

for and on behalf of
Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

7-10 Chandos Street
London
W1G 9DQ

Date: 31 July 2017

CARLTON BOOKS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	14,619,775	12,530,680
Cost of sales		(8,885,470)	(8,012,579)
Gross profit		5,734,305	4,518,101
Administrative expenses		(4,679,160)	(4,568,519)
Other operating income	5	483,280	707,284
Operating profit	6	1,538,425	656,866
Interest receivable and similar income	9	11,462	12,491
Profit before tax		1,549,887	669,357
Tax on profit	10	(312,194)	(108,018)
Profit for the year		1,237,693	561,339

There was no other comprehensive income for 2016 (2015:£NIL).

CARLTON BOOKS LIMITED
REGISTERED NUMBER: 02625229

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	61,242	57,167
		<u>61,242</u>	<u>57,167</u>
Current assets			
Stocks		1,572,440	2,265,456
Debtors: amounts falling due within one year	13	7,257,922	6,960,213
Cash at bank and in hand	14	3,094,900	2,241,179
		<u>11,925,262</u>	<u>11,466,848</u>
Creditors: amounts falling due within one year	15	(5,059,021)	(5,234,225)
Net current assets		<u>6,866,241</u>	<u>6,232,623</u>
Net assets		<u><u>6,927,483</u></u>	<u><u>6,289,790</u></u>
Capital and reserves			
Called up share capital	17	37,752	37,752
Profit and loss account	18	6,889,731	6,252,038
		<u>6,927,483</u>	<u>6,289,790</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
J. R. Goodman
Director

Date:

31/07/17

CARLTON BOOKS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	37,752	6,252,038	6,289,790
Total comprehensive income for the year			
Profit for the year	-	1,237,693	1,237,693
Contributions by and distributions to owners			
Dividends: Equity capital	-	(600,000)	(600,000)
At 31 December 2016	<u>37,752</u>	<u>6,889,731</u>	<u>6,927,483</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 31 December 2014	37,752	6,290,699	6,328,451
Total comprehensive income for the period			
Profit for the period	-	561,339	561,339
Contributions by and distributions to owners			
Dividends: Equity capital	-	(600,000)	(600,000)
At 31 December 2015	<u>37,752</u>	<u>6,252,038</u>	<u>6,289,790</u>

The notes on pages 10 to 22 form part of these financial statements.

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Carlton Books Limited is a private company limited by share capital, incorporated in England and Wales, registration number 02625229. The address of the registered office is 20 Mortimer Street, London, W1T 3JW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue represents amounts receivable for services net of VAT and trade discounts. Revenue comprises of the sale of books, income from publishing rights and royalty income.

Revenue from the sale of books is recognised at the point of delivery which is when the significant risks and rewards of the ownership of the books has passed to the customer. Income from the grant of publishing rights to third parties is recognised from the date of the signed contract. Royalty earnings are recognised on the third party sales performance of a book.

Revenue is attributable to sales globally. In the opinion of the directors, disclosure of the geographical and sales type analysis of turnover would be prejudicial to the company.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Jonathan Goodman Publishing Limited as at 31 December 2016 and these financial statements may be obtained from 20 Mortimer Street Street, London, W1T 3JW.

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and building leasehold	- Straight line over life of lease
Plant & machinery	- 20 - 33% Straight line
Fixtures, fittings & equipment	- 20 - 33% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

The cost of each publication in production is included in stock and charged to the profit and loss account pro-rata to the sales of the respective books.

Origination expenditure, representing the cost of design and development of future publications, is written off over the period, in which the relevant publication is expected to be sold, subject to making provision for irrecoverable expenditure.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CARLTON BOOKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.15 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. **Judgments in applying accounting policies (continued)**
current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provisions

The management reviews stock items on a title by title basis in order to form an expectation on how each item performs in future periods. Any items that are foreseen to perform below expectations will be provided for impairment based on the management's judgement.

Key sources of estimation uncertainty

The directors are of the view that there are no estimates or assumptions in addition to the above which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities.

4. **Turnover**

The geographical and sales type analysis of turnover is not disclosed in these financial statements.

5. **Other operating income**

	2016 £	2015 £
Fees receivable	483,280	707,284
	<u>483,280</u>	<u>707,284</u>

6. **Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	38,588	64,300
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	26,250	26,800
Operating lease rentals	385,054	325,000
Defined contribution pension cost	<u>127,535</u>	<u>131,114</u>

CARLTON BOOKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	2,680,126	2,608,492
Social security costs	269,970	275,113
Cost of defined benefit scheme	127,535	131,114
	<u>3,077,631</u>	<u>3,014,719</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	No.	No.
Production	30	35
Sales	22	24
Administration	8	10
	<u>60</u>	<u>69</u>

8. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	635,662	590,902
Directors pension costs	38,608	41,243
Compensation for termination of office	62,500	29,719
	<u>736,770</u>	<u>661,864</u>

During the year retirement benefits were accruing to 7 directors (2015 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £124,750 (2015 - £108,622).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,950 (2015 - £7,680).

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Interest receivable

	2016 £	2015 £
Interest receivable from Group companies	8,505	8,889
Other interest receivable	2,957	3,602
	<u>11,462</u>	<u>12,491</u>

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	311,932	108,018
Adjustments in respect of previous periods	262	-
	<u>312,194</u>	<u>108,018</u>
 Double taxation relief	 (41,152)	 (9,326)
	<u>271,042</u>	<u>98,692</u>
 Foreign tax		
Foreign tax on income for the year	41,152	9,326
	<u>41,152</u>	<u>9,326</u>
 Taxation on profit on ordinary activities	 <u>312,194</u>	 <u>108,018</u>

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	1,549,887	669,357
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	309,977	133,871
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,637	1,738
Capital allowances for year in excess of depreciation	(3,898)	3,435
Difference in tax rates	-	1,329
Adjustments to tax charge in respect of prior periods	262	-
Short term timing difference leading to an increase (decrease) in taxation	4,216	(7,593)
Group relief	-	(24,762)
Total tax charge for the year	312,194	108,018

Factors that may affect future tax charges

The Finance No.2 Act 2015 announced a proposed reduction in the main corporation tax rate from 20% to 19% from 1 April 2017 and 18% by 1 April 2020. The Finance Act 2016 announced that the proposed reduction in the main corporation tax rate from 2020 would be 17%. This will reduce the company's future tax charges accordingly.

CARLTON BOOKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Tangible fixed assets

	Land and buildings leasehold £	Fixtures, fittings & equipment £	Plant & machinery £	Total £
Cost or valuation				
At 1 January 2016	300,736	56,958	514,861	872,555
Additions	-	-	42,663	42,663
Disposals	-	-	(30,839)	(30,839)
At 31 December 2016	300,736	56,958	526,685	884,379
Depreciation				
At 1 January 2016	290,466	56,151	468,771	815,388
Charge for the year on owned assets	10,270	807	27,511	38,588
Disposals	-	-	(30,839)	(30,839)
At 31 December 2016	300,736	56,958	465,443	823,137
Net book value				
At 31 December 2016	-	-	61,242	61,242
At 31 December 2015	10,270	807	46,090	57,167

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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12. Stocks

	2016 £	2015 £
Finished goods and goods for resale	1,409,083	2,035,092
Work in progress	163,357	230,364
	<u>1,572,440</u>	<u>2,265,456</u>

Stock recognised in cost of sales during the year as an expense was £8,311,288 (2015 - £7,158,938)

An impairment of £379,215 (2015: £3,433) was released from provisions for impairment of stock as a credit to profit and loss.

13. Debtors

	2016 £	2015 £
Trade debtors	4,909,667	5,111,136
Amounts owed by Group undertakings	1,729,039	1,300,293
Other debtors	302,995	302,961
Prepayments and accrued income	316,221	245,823
	<u>7,257,922</u>	<u>6,960,213</u>

14. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	3,094,900	2,241,179
	<u>3,094,900</u>	<u>2,241,179</u>

CARLTON BOOKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,588,809	3,479,972
Amounts owed to Group undertakings	43,030	35,131
Corporation tax	270,780	98,692
Other taxation and social security	90,671	72,014
Other creditors	33,704	636
Accruals and deferred income	2,032,027	1,547,780
	<u>5,059,021</u>	<u>5,234,225</u>

16. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>6,941,701</u>	<u>6,714,390</u>
	<u>6,941,701</u>	<u>6,714,390</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,844,985)</u>	<u>(4,312,555)</u>
	<u>(3,844,985)</u>	<u>(4,312,555)</u>

Financial assets measured at amortised cost comprise short term debtors, intercompany trading balances and other debtors.

Financial liabilities measured at amortised cost comprise short term creditors, intercompany trading balances and other creditors.

17. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
37,752 Ordinary shares of £1 each	<u>37,752</u>	<u>37,752</u>

Called up share capital represents the nominal value of shares that have been issued.

CARLTON BOOKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Reserves

Profit & loss account

Profit and loss account includes all current and prior period retained profits and losses which are all distributable.

19. Pension commitments

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 pension cost charge represents contributions payable by the company to the fund.

The contributions payable by the company in the year was £127,535 (2015: £131,114). Contributions totalling £33,400 (2015: £nil) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land & buildings		
Not later than 1 year	446,165	170,520
Later than 1 year and not later than 5 years	1,800,326	28,060
Later than 5 years	1,989,000	-
	<u>4,235,491</u>	<u>198,580</u>

21. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company is Jonathan Goodman Publishing Limited, a company registered in England and Wales, which is the largest and smallest Group to consolidate these financial statements. Jonathan Goodman Publishing Limited prepares consolidated accounts and the address of the registered office is 20 Mortimer Street, London, W1T 3JW.

22. First time adoption of FRS 102

This is the first year that the company has presented its results under FRS102. The last financial statements under UK GAAP were for the year ended 31 December 2015. The date of transition to FRS102 was 31 December 2014. There are no transitional adjustments arising from the first adoption of FRS102.