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ISIS PUBLISHING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2006

Company Registration Number 2723226

ISIS PUBLISHING LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

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ISIS PUBLISHING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2006

The board of directors	R W Thirlby M L Petty
Company secretary	J R Major
Registered office	Isis House Kings Drive Whitley Bay Tyne and Wear NE26 2JT
Auditor	Tenon Audit Limited Registered Auditor 1 Bede Island Road Bede Island Business Park Leicester LE2 7EA
Bankers	Barclays Bank plc Leicester Corporate Banking Centre PO Box 54 Town Hall Square Leicester LE1 9AA

ISIS PUBLISHING LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 OCTOBER 2006

The directors present their report and the financial statements of the company for the year ended 31 October 2006

Principal activity

The principal activity of the company during the year was that of publishing and selling books in any form, including large print and audio

Results and dividends

The profit for the year, after taxation, amounted to £290,718. Particulars of dividends proposed are detailed in note 5 to the financial statements

Directors

The directors who served the company during the year were as follows

R W Thirlby	
M L Petty	(appointed 1 November 2005)
P M Henderson	(resigned 1 November 2005)

No director had any interest in the ordinary share capital of the company or the ultimate parent undertaking

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year. 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, and
- 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. The directors 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

ISIS PUBLISHING LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 OCTOBER 2006

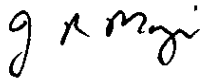
Auditor

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed by order of the directors



J R Major
Company Secretary

8 May 2007

Tenon audit

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISIS PUBLISHING LIMITED

YEAR ENDED 31 OCTOBER 2006

We have audited the financial statements of Isis Publishing Limited for the year ended 31 October 2006 on pages 6 to 13 which have been prepared on the basis of the accounting policies set out on pages 8 and 9

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 auditor's 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 auditor

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 applicable to small companies. We also report to you 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Tenon audit

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISIS PUBLISHING LIMITED *(continued)*

YEAR ENDED 31 OCTOBER 2006

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 October 2006

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
1 Bede Island Road
Bede Island Business Park
Leicester
LE2 7EA

8 May 2007

ISIS PUBLISHING LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2006

	Note	2006 £	2005 £
Turnover		3,821,296	3,586,549
Cost of sales		(2,798,374)	(2,707,091)
Gross profit		<u>1,022,922</u>	<u>879,458</u>
Administrative expenses		(783,778)	(784,303)
Other operating income		150,203	133,086
Operating profit	2	<u>389,347</u>	<u>228,241</u>
Interest receivable		13,120	11,252
Amounts written off investments	3	–	(171,957)
Profit on ordinary activities before taxation		<u>402,467</u>	<u>67,536</u>
Tax on profit on ordinary activities	4	(111,749)	(55,444)
Profit for the financial year		<u><u>290,718</u></u>	<u><u>12,092</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 13 form part of these financial statements

ISIS PUBLISHING LIMITED

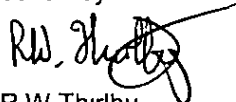
BALANCE SHEET

31 OCTOBER 2006

	Note	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	6		62,380		30,349
Investments	7		378,444		378,444
			<u>440,824</u>		<u>408,793</u>
Current assets					
Stocks		456,788		486,132	
Debtors	8	774,307		708,861	
Cash at bank and in hand		558,458		692,495	
		<u>1,789,553</u>		<u>1,887,488</u>	
Creditors amounts falling due within one year	9	<u>(1,677,846)</u>		<u>(1,889,109)</u>	
Net current assets/(liabilities)			111,707		(1,621)
Total assets less current liabilities			<u>552,531</u>		<u>407,172</u>
Capital and reserves - equity					
Called-up share capital	14		2,000		2,000
Profit and loss account	15		550,531		405,172
Shareholders' funds	16		<u>552,531</u>		<u>407,172</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the directors on 8 May 2007 and are signed on their behalf by


R W Thirlby
Director

The notes on pages 8 to 13 form part of these financial statements

ISIS PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of preparation

In accordance with the provisions of Section 228 of the Companies Act 1985 the company is exempt from the requirement to prepare consolidated financial statements on the grounds that it is a subsidiary of Ulverscroft Group Limited and its results have been included in the consolidated financial statements of that company. Accordingly, these financial statements present information in respect of the company alone and not the group which it heads

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

Turnover is wholly attributable to the principal activity of the company and represents sales to external customers at invoiced amounts less value added tax and trade discounts

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds evenly, over the useful economic life of that asset as follows

Leasehold land and buildings	- Over period of lease
Plant and machinery	- Five years

Stock

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis. Net realisable value is based on estimated selling price, less any further costs of realisation

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

Operating lease agreements

Rentals under operating leases are charged to the profit and loss account as incurred

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

ISIS PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

1 Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Any differences are taken to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

2 Operating profit

Operating profit is stated after charging/(crediting)

	2006 £	2005 £
Depreciation of owned tangible fixed assets	8,780	32,958
Auditor's remuneration	6,695	6,500
Operating lease costs		
-Plant and machinery	6,715	6,738
-Other	80,764	77,600
Net (profit)/loss on foreign currency translation	<u>(116)</u>	<u>140</u>

3 Amounts written off investments

	2006 £	2005 £
Amount written off investments	<u>-</u>	<u>171,957</u>

ISIS PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

4 Taxation on ordinary activities

(a) Analysis of the charge in the year

	2006 £	2005 £
UK Corporation tax	112,000	56,500
Over provision in the prior year	(251)	(1,056)
	<u>111,749</u>	<u>55,444</u>

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower/higher to the expected rate of corporation tax. The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>402,467</u>	<u>67,536</u>
Profit on ordinary activities multiplied by the expected rate of tax in the UK at 30% (2005 30%)	120,740	20,261
Effects of		
Expenses not deductible for tax purposes	55	51,751
Capital allowances (in excess)/less than depreciation	(9,548)	352
Group relief claimed	-	(16,113)
Other timing differences	753	249
Over provision in the prior year	(251)	(1,056)
Total current tax (note 4(a))	<u>111,749</u>	<u>55,444</u>

5 Dividends

	2006 £	2005 £
Proposed dividends on ordinary shares	<u>145,359</u>	<u>6,046</u>

ISIS PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

6 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Total £
Cost			
At 1 November 2005	42,538	578,424	620,962
Additions	–	40,811	40,811
At 31 October 2006	<u>42,538</u>	<u>619,235</u>	<u>661,773</u>
Depreciation			
At 1 November 2005	42,438	548,175	590,613
Charge for the year	–	8,780	8,780
At 31 October 2006	<u>42,438</u>	<u>556,955</u>	<u>599,393</u>
Net book value			
At 31 October 2006	<u>100</u>	<u>62,280</u>	<u>62,380</u>
At 31 October 2005	<u>100</u>	<u>30,249</u>	<u>30,349</u>

7 Fixed asset investments

	Subsidiary undertaking £
Cost	
At 1 November 2005 and 31 October 2006	<u>560,979</u>
Amounts written off	
At 1 November 2005 and 31 October 2006	<u>182,535</u>
Net book value	
At 31 October 2005 and 31 October 2006	<u>378,444</u>

The company holds the entire issued share capital of a dormant subsidiary undertaking, Soundings Limited, a company registered in England

8 Debtors

	2006 £	2005 £
Trade debtors	24,207	45,980
Amounts owed by group undertakings	357,342	275,368
Other debtors	392,758	387,513
	<u>774,307</u>	<u>708,861</u>

ISIS PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

9 Creditors amounts falling due within one year

	2006 £	2005 £
Trade creditors	164,188	227,612
Amounts owed to group undertakings	1,046,100	1,303,913
Corporation tax	112,000	56,500
Other taxation and social security	50,313	30,118
Other creditors	305,245	270,966
	<u>1,677,846</u>	<u>1,889,109</u>

10 Pensions

The company operates a defined contribution scheme in respect of its employees. The assets of the scheme are held separately from those of the company in and independently administered fund. Contributions are charged to the profit and loss account as incurred. Pension costs charged in the year were £22,255 (2005 £22,300).

11 Commitments under operating leases

At 31 October, the company had annual commitments under non-cancellable operating leases as set out below

	2006 Land & buildings £	Other items £	2005 Land & buildings £	Other items £
Operating leases which expire				
Within one year	6,780	-	6,600	-
Within one to five years	50,000	-	47,600	9,729
After more than five years	22,000	7,359	22,000	-
	<u>78,780</u>	<u>7,359</u>	<u>76,200</u>	<u>9,729</u>

12 Contingencies

The company has given unlimited guarantee in favour of fellow UK group undertaking, in respect of bank overdraft facilities and loans. At 31 October 2006, the net indebtedness under these facilities amounted to £Nil (2005 £743,992).

13 Related party transactions

Transactions between group companies have not been disclosed as the company has taken advantage of the exemption conferred by FRS 8 in the basis that the company is a wholly owned subsidiary of a body which prepares consolidated financial statements, which are publicly available.

During the year the company purchased £361,584 (2005 £359,399) of typesetting and printing services from Words and Graphics Limited, an associated company of the company's parent undertaking, Ulverscroft Group Limited. At the balance sheet date, £39,661 (2005 £41,822) was owed to Words and Graphics Limited.

All transactions were carried out on an arms length basis.

ISIS PUBLISHING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2006

14 Share capital

Authorised share capital

	2006	2005
	£	£
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

15 Profit and loss account

	2006	2005
	£	£
Balance brought forward	405,172	399,126
Profit for the financial year	290,718	12,092
Equity dividends proposed	(145,359)	(6,046)
Balance carried forward	<u>550,531</u>	<u>405,172</u>

16 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit for the financial year	290,718	12,092
Equity dividends proposed	(145,359)	(6,046)
Net addition to shareholders' funds	145,359	6,046
Opening shareholders' funds	407,172	401,126
Closing shareholders' funds	<u>552,531</u>	<u>407,172</u>

17 Parent undertaking

The immediate parent undertaking is Ulverscroft Group Limited, a company incorporated in England. Copies of the consolidated financial statements of that company are publicly available from Companies House.

18 Ultimate controlling body

At 31 October 2006, the company's ultimate controlling body was the Ulverscroft Foundation, a registered charity, which is the controlling body of both the smallest and largest groups of which the company is a member. The Ulverscroft Foundation prepares consolidated financial statements which are publicly available.