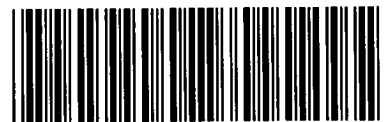


Report of the Director and
Audited Financial Statements for the Year Ended 31 December 2018
for
Encyclopaedia Britannica (UK) Ltd

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Encyclopaedia Britannica (UK) Ltd

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for the Year Ended 31 December 2018

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Encyclopaedia Britannica (UK) Ltd

Company Information
for the Year Ended 31 December 2018

DIRECTOR:	L Mansoor
SECRETARY:	D Damodaran
REGISTERED OFFICE:	2nd Floor, Unity Wharf 13 Mill Street London SE1 2BH
REGISTERED NUMBER:	03830890 (England and Wales)
SENIOR STATUTORY AUDITOR:	Steven John Bradshaw
AUDITORS:	MS Audit Ltd Wework Southbank Central 30 Stamford Street London SE1 9PY
BANKERS:	HSBC plc PO Box 648 60 Queen Victoria Street London EC4N 4TR

Encyclopaedia Britannica (UK) Ltd

Report of the Director
for the Year Ended 31 December 2018

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

DIRECTORS

The directors who held office during the year were as follows:

L Mansoor

J Cauz (resigned 31 March 2018)

The director did not have any interest in the shares of the company or any other group company required to be disclosed under the Companies Act 2006.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The director is 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 enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

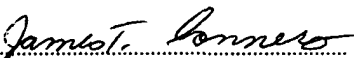
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, MS Audit Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


J Connors - Director

Date: 5/15/2019

Report of the Independent Auditors to the Members of
Encyclopaedia Britannica (UK) Ltd

Opinion

We have audited the financial statements of Encyclopaedia Britannica (UK) Ltd (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Encyclopaedia Britannica (UK) Ltd

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.



Steven John Bradshaw (Senior Statutory Auditor)
for and on behalf of MS Audit Ltd
Wework Southbank Central
30 Stamford Street
London
SE1 9PY

Date: 16th May 2019

Encyclopaedia Britannica (UK) Ltd

Income Statement
for the Year Ended 31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
TURNOVER			3,340,233		2,936,212
Cost of sales			<u>386,471</u>		<u>281,692</u>
GROSS PROFIT			2,953,762		2,654,520
Distribution costs		9,829		9,961	
Administrative expenses		<u>3,163,852</u>		<u>3,066,723</u>	
			<u>3,173,681</u>		<u>3,076,684</u>
OPERATING LOSS and LOSS BEFORE TAXATION			(219,919)		(422,164)
Tax on loss			<u>-</u>		<u>-</u>
LOSS FOR THE FINANCIAL YEAR			<u>(219,919)</u>		<u>(422,164)</u>

The notes form part of these financial statements

Balance Sheet
31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Tangible assets	5		28,937		24,962
CURRENT ASSETS					
Stocks		2,052		585	
Debtors	6	266,637		298,694	
Cash in hand		946,063		210,880	
		<u>1,214,752</u>		<u>510,159</u>	
CREDITORS					
Amounts falling due within one year	7	<u>3,784,262</u>		<u>2,877,989</u>	
NET CURRENT LIABILITIES			<u>(2,569,510)</u>		<u>(2,367,830)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(2,540,573)</u>		<u>(2,342,868)</u>
CREDITORS					
Amounts falling due after more than one year	8		<u>127,174</u>		<u>104,960</u>
NET LIABILITIES			<u><u>(2,667,747)</u></u>		<u><u>(2,447,828)</u></u>
CAPITAL AND RESERVES					
Called up share capital			102		102
Retained earnings			<u>(2,667,849)</u>		<u>(2,447,930)</u>
SHAREHOLDERS' FUNDS			<u><u>(2,667,747)</u></u>		<u><u>(2,447,828)</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on May 15, 2019 and were signed by:

Jamot Conners
J Conners - Director

1. STATUTORY INFORMATION

Encyclopaedia Britannica (UK) Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis, notwithstanding the deficiency of funds, as the major shareholder of the ultimate parent has given an undertaking to provide such financial support as is necessary for the company to meet its obligations as they fall due for at least next twelve months.

Turnover

Turnover represents online reference services which are recognised over the life of the related contract together with sales of physical goods when shipped to the customer. Turnover excludes 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.

Plant and machinery etc - 33% on cost and 10% on cost

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. **ACCOUNTING POLICIES - continued**

Leasing commitments

Where assets are financed by leasing agreements and the risks and rewards are substantially transferred to the company (finance leases) the assets are treated as if they had been purchased outright, and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the income statement on the same basis as owned assets, unless the term of the lease is shorter. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account.

All other leases are classified as operating leases and the rentals payable are expensed on a straight line basis over the lease term.

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.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 20 (2017 - 22).

4. **OPERATING LOSS**

The operating loss is stated after charging:

	31.12.18	31.12.17
	£	£
Depreciation - owned assets	<u>18,150</u>	<u>21,273</u>

5. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST	
At 1 January 2018	182,773
Additions	<u>22,125</u>
At 31 December 2018	<u>204,898</u>
DEPRECIATION	
At 1 January 2018	157,811
Charge for year	<u>18,150</u>
At 31 December 2018	<u>175,961</u>
NET BOOK VALUE	
At 31 December 2018	<u>28,937</u>
At 31 December 2017	<u>24,962</u>

Encyclopaedia Britannica (UK) Ltd

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade debtors	144,207	186,239
Prepayments and accrued income	122,430	112,455
	<u>266,637</u>	<u>298,694</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade creditors	36,728	49,576
Amounts owed to group undertakings	2,356,048	1,388,083
Taxation and social security	3,052	1,714
Accruals and deferred income	1,388,434	1,438,616
	<u>3,784,262</u>	<u>2,877,989</u>

Creditors includes £1,292,822 of deferred revenue (2017 £1,255,197). This is to be released to income as online services are provided to customers.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.18	31.12.17
	£	£
Other creditors	<u>127,174</u>	<u>104,960</u>

Creditors due after more than one year is long term deferred revenue which is to be released to income as online services are provided to customers.

9. RELATED PARTY DISCLOSURES

The company was charged a distribution fee by Encyclopaedia Britannica Inc, the Ultimate Parent Company, of £1,197,339 (2017 £1,246,513). This transaction was under normal commercial terms. The balance owed to Encyclopaedia Britannica Inc as at 31 December 2018 in respect of these transactions is £2,370,407 (2017 £1,407,155).