

Registered number  
4015761

GRANDREAMS BOOKS LIMITED

Report and Accounts

31 March 2002



**GRANDREAMS BOOKS LIMITED**

**Company Information**

**Directors**

A D Hicks

P R Hicks

**Secretary**

R S Kemp

**Auditors**

Buckingham & Company

27A Maxwell Road

Northwood

Middlesex

HA6 2XY

**Registered office**

4 North Parade

Bath

BA1 1LF

**Registered number**

4015761

# GRANDREAMS BOOKS LIMITED

## Directors' Report

The directors present their report and accounts for the year ended 31 March 2002.

### Principal activities

The company's principal activity during the year was publishing

### Results

The loss for the year ended 31 March 2002 before taxation is £564,449

### Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares 2002
P R Hicks	nil
A D Hicks	nil

### Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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

A resolution to reappoint Buckingham & Company as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 15 September 2002.

P R Hicks  
Director



# **GRANDREAMS BOOKS LIMITED**

## **Auditors' Report**

### **Report of the auditors**

#### **to the shareholders of GRANDREAMS BOOKS LIMITED**

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

### **Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

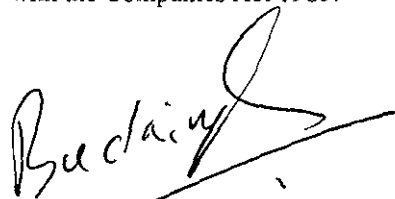
### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Buckingham & Company**

**Chartered Certified Accountants and Registered Auditors**

**27A Maxwell Road  
Northwood  
Middlesex  
HA6 2XY**

**15 September 2002**

**GRANDREAMS BOOKS LIMITED****Profit and Loss Account****for the year ended 31 March 2002**

	Notes	2002 £	2001 £
Turnover	2	4,254,139	2,755,717
Cost of sales		(3,989,238)	(1,845,262)
Gross profit		<u>264,901</u>	<u>910,455</u>
Administrative expenses		(788,067)	(691,082)
Operating (loss)/profit	3	<u>(523,166)</u>	<u>219,373</u>
Interest payable	5	(41,283)	(11,080)
(Loss)/profit on ordinary activities before taxation		<u>(564,449)</u>	<u>208,293</u>
Tax on (loss)/profit on ordinary activities	6	43,995	(43,646)
(Loss)/profit for the financial year		<u>(520,454)</u>	<u>164,647</u>
Retained (loss)/profit for the financial year	15	<u>(520,454)</u>	<u>164,647</u>

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the (loss)/profit for the above two financial years.

# GRANDREAMS BOOKS LIMITED

## Balance Sheet

as at 31 March 2002

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	7	145,095	209,791
<b>Current assets</b>			
Stocks	8	922,033	1,509,098
Debtors	9	1,207,997	1,365,498
Cash at bank and in hand		<u>57,507</u>	<u>53,530</u>
		2,187,537	2,928,126
<b>Creditors: amounts falling due within one year</b>	10	(2,188,439)	(2,467,958)
<b>Net current (liabilities)/assets</b>		(902)	460,168
<b>Total assets less current liabilities</b>		<u>144,193</u>	<u>669,959</u>
<b>Creditors: amounts falling due after more than one year</b>	11	-	(5,200)
<b>Provisions for liabilities and charges</b>	13	-	(112)
		<u>144,193</u>	<u>664,647</u>
<b>Capital and reserves</b>			
Called up share capital	14	500,000	500,000
Profit and loss account	15	(355,807)	164,647
<b>Shareholders' funds:</b>			
Equity		<u>144,193</u>	<u>664,647</u>
	16	<u>144,193</u>	<u>664,647</u>

P R Hicks  
Director

Approved by the board on 15 September 2002

**GRANDREAMS BOOKS LIMITED****Cash Flow Statement****for the year ended 31 March 2002**

	Notes	2002 £	2001 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating (loss)/profit		(523,166)	219,373
Depreciation and loss on disposal		65,406	66,135
Decrease/(increase) in stocks		587,065	(1,509,098)
Decrease/(increase) in debtors		157,501	(1,365,498)
(Decrease)/increase in creditors		(138,282)	2,326,754
<b>Net cash inflow/(outflow) from operating activities</b>		<u>148,524</u>	<u>(262,334)</u>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow/(outflow) from operating activities</b>		148,524	(262,334)
<b>Returns on investments and servicing of finance</b>	17	(41,283)	(11,080)
<b>Taxation</b>		(43,534)	-
<b>Capital expenditure</b>	17	<u>(710)</u> 62,997	<u>(275,926)</u> (549,340)
<b>Financing</b>	17	(10,919)	516,119
<b>Increase/(decrease) in cash</b>		<u>52,078</u>	<u>(33,221)</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>Increase/(decrease) in cash in the period</b>		52,078	(33,221)
<b>Decrease/(increase) in debt and lease financing</b>		10,919	(16,119)
<b>Change in net debt</b>	18	<u>62,997</u>	<u>(49,340)</u>
<b>Net debt at 1 April</b>		<u>(49,340)</u>	-
<b>Net funds/(net debt) at 31 March</b>		<u>13,657</u>	<u>(49,340)</u>

# **GRANDREAMS BOOKS LIMITED**

## **Notes to the Accounts**

**for the year ended 31 March 2002**

### **1 Accounting policies**

#### ***Accounting convention***

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

#### ***Depreciation***

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	25% on cost
Leasehold improvements	33% on cost
Fixtures and fittings	10% on cost
Computer equipment	33% on cost

#### ***Stocks***

Stock is valued at the lower of cost and net realisable value.

#### ***Deferred taxation***

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the date of the transaction and translated using an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### ***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.



**GRANDREAMS BOOKS LIMITED****Notes to the Accounts****for the year ended 31 March 2002****2 Turnover**

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Analysis by geographical market:

	2002	2001
	£	£
United Kingdom	1,619,791	2,799,693
Rest of the world	2,632,458	2,951,926
	<u>4,252,249</u>	<u>5,751,619</u>

**3 Operating profit**

	2002	2001
	£	£

This is stated after charging:

Depreciation of owned fixed assets	59,171	59,900
Depreciation of assets held under finance leases and hire purchase contracts	6,235	6,235
Auditors' remuneration	<u>5,500</u>	<u>3,850</u>

**4 Staff costs**

	2002	2001
	£	£
Wages and salaries	388,403	342,190
Other pension costs	<u>5,506</u>	<u>-</u>
	<u>393,909</u>	<u>342,190</u>

Average number of employees during the year

	Number	Number
Administration	2	4
Marketing	5	4
Sales	<u>8</u>	<u>6</u>
	<u>15</u>	<u>14</u>

**5 Interest payable**

	2002	2001
	£	£
Bank loans and overdrafts	39,957	9,568
Finance charges payable under finance leases and hire purchase contracts	<u>1,326</u>	<u>1,512</u>
	<u>41,283</u>	<u>11,080</u>

# GRANDREAMS BOOKS LIMITED

## Notes to the Accounts

for the year ended 31 March 2002

### 6 Taxation

	2002 £	2001 £
UK corporation tax	(43,883)	43,534
Deferred taxation (note 13)	(112)	112
	<u>(43,995)</u>	<u>43,646</u>

### 7 Tangible fixed assets

	Motor vehicles £	Leasehold improvements £	Equipment & furniture £	Total £
<b>Cost</b>				
At 1 April 2001	24,939	3,000	247,987	275,926
Additions	-	-	2,710	2,710
Disposals	-	(3,000)	-	(3,000)
At 31 March 2002	<u>24,939</u>	<u>-</u>	<u>250,697</u>	<u>275,636</u>
<b>Depreciation</b>				
At 1 April 2001	6,235	1,000	58,900	66,135
Charge for the year	6,235	-	59,171	65,406
On disposals	-	(1,000)	-	(1,000)
At 31 March 2002	<u>12,470</u>	<u>-</u>	<u>118,071</u>	<u>130,541</u>
<b>Net book value</b>				
At 31 March 2002	<u>12,469</u>	<u>-</u>	<u>132,626</u>	<u>145,095</u>
At 31 March 2001	<u>18,704</u>	<u>2,000</u>	<u>189,087</u>	<u>209,791</u>

	2002 £	2001 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	<u>12,470</u>	<u>18,704</u>

### 8 Stocks

	2002 £	2001 £
Raw materials and consumables	<u>922,033</u>	<u>1,509,098</u>

**GRANDREAMS BOOKS LIMITED****Notes to the Accounts****for the year ended 31 March 2002**

<b>9 Debtors</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Trade debtors	998,492	1,075,140
Other debtors and prepayments	176,633	279,675
Amounts owed by related company	32,872	10,683
	<u>1,207,997</u>	<u>1,365,498</u>

<b>10 Creditors: amounts falling due within one year</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	38,650	86,751
Obligations under finance lease and hire purchase contracts	5,200	10,919
Trade creditors	502,577	760,720
Corporation tax	(43,883)	43,534
Other taxes and social security costs	11,928	9,356
Other creditors	12,320	3,551
Amounts owed to related company	1,643,430	1,537,715
Accruals and deferred income	18,217	15,412
	<u>2,188,439</u>	<u>2,467,958</u>

The bank overdraft is secured.

<b>11 Creditors: amounts falling due after one year</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Obligations under finance lease and hire purchase contracts	<u>-</u>	<u>5,200</u>

<b>12 Obligations under finance leases and hire purchase contracts</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Amounts payable:		
Within one year	5,200	10,919
Within two to five years	-	5,200
	<u>5,200</u>	<u>16,119</u>

# GRANDREAMS BOOKS LIMITED

## Notes to the Accounts

for the year ended 31 March 2002

### 13 Provisions for liabilities and charges

Deferred taxation:	2002 £	2001 £
At 1 April	112	-
Charged to the profit and loss account	(112)	112
At 31 March	<u>-</u>	<u>112</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided 2002 £	Potential 2002 £	Provided 2001 £	Potential 2001 £
Capital allowances in advance of depreciation	<u>-</u>	<u>-</u>	<u>112</u>	<u>-</u>

### 14 Share capital

Authorised:			2002 £	2001 £
Ordinary shares of £1 each			<u>1,000,000</u>	<u>1,000,000</u>
	2002 No	2001 No	2002 £	2001 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	500,000	500,000	<u>500,000</u>	<u>500,000</u>

### Movement in share capital

	2002 £	2001 £
At 1 April	500,000	-
Shares issued	-	500,000
At 31 March	<u>500,000</u>	<u>500,000</u>

### 15 Profit and loss account

	2002 £	2001 £
At 1 April	164,647	-
Retained (loss)/profit	(520,454)	164,647
At 31 March	<u>(355,807)</u>	<u>164,647</u>

# GRANDREAMS BOOKS LIMITED

## Notes to the Accounts

for the year ended 31 March 2002

### 16 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
At 1 April	664,647	-
(Loss)/profit for the financial year	(520,454)	164,647
Shares issued	-	500,000
At 31 March	<u>144,193</u>	<u>664,647</u>

### 17 Gross cash flows

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(39,957)	(9,568)
Interest element of finance lease rental payments	<u>(1,326)</u>	<u>(1,512)</u>
	<u>(41,283)</u>	<u>(11,080)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(2,710)	(275,926)
Receipts from sales of tangible fixed assets	<u>2,000</u>	<u>-</u>
	<u>(710)</u>	<u>(275,926)</u>
<b>Financing</b>		
Issue of share capital	-	500,000
Capital element of finance lease rental payments	<u>(10,919)</u>	<u>16,119</u>
	<u>(10,919)</u>	<u>516,119</u>

### 18 Analysis of changes in net debt

	At 1 Apr 2001 £	Cash flows £	Non-cash changes £	At 31 Mar 2002 £
Cash at bank and in hand	53,530	3,977		57,507
Overdrafts	(86,751)	48,101		(38,650)
		<u>52,078</u>		
Finance leases	(16,119)	10,919		(5,200)
Total	<u>(49,340)</u>	<u>62,997</u>	<u>-</u>	<u>13,657</u>

# GRANDREAMS BOOKS LIMITED

## Notes to the Accounts

for the year ended 31 March 2002

### 19 Related parties

Robert Frederick Limited which has a 100% interest in the company and is the ultimate parent company, has a 49% interest in Bookube Limited, a 40% interest in Farpoint Developments Limited, a 100% interest in Robert Frederick Inc and a 50% interest in Son Schein Sales Inc.

Mr P R Hicks who is a director has a 23.23% interest in the parent company.

Mr A D Hicks who is a director has a 23.23% interest in the parent company.

(a) Included in turnover is £19,820 to the parent company and £297,437 to Son Schein Inc.

(b) Included in purchases is £495,261 in respect of items purchased from the parent company, £3,415 in respect of items purchased from Farpoint Developments Limited and £486 from Bookube.

These transactions are at a normal commercial rate.

(c) Details of related company balances, included in Debtors and Creditors above are as follows.

Debtors	2002	2001
Robert Frederick Limited	2,435	6,792
Robert Frederick Inc	3,946	3,891
Son Schein Inc	20,000	-
The Bookube Company Ltd	6,491	-
	<u>32,872</u>	<u>10,683</u>
Creditors	2002	2001
The Bookube Company Ltd	-	1,064
Robert Frederick Limited	1,642,725	1,532,481
Farpoint Developments Ltd	705	4,170
	<u>1,643,430</u>	<u>1,537,715</u>