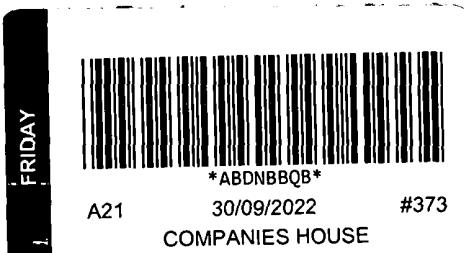


USBORNE PUBLISHING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended
31 January 2022



USBORNE PUBLISHING LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

T.P. Usborne
N. Usborne
I. Lucchese

SECRETARY

A. Parsons

REGISTERED OFFICE

Usborne House
83-85 Saffron Hill
London EC1N 8RT

BANKERS

National Westminster Bank plc
1 Princes Street
London EC2R 8PA

AUDITORS

CLA Evelyn Partners Limited
45 Gresham Street
London EC2V 7BG

ACCOUNTANTS AND TAX ADVISERS

Evelyn Partners LLP
Accountants
45 Gresham Street
London EC2V 7BG

SOLICITORS

Co-Counsel
7 Lambolle Place
Belsize Park
London NW3 4PD

COMPANY'S REGISTERED NUMBER

01124359

USBORNE PUBLISHING LIMITED

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USBORNE PUBLISHING LIMITED

STRATEGIC REPORT

The directors present the strategic report for Usborne Publishing Limited for the year ended 31 January 2022.

Activities

The principal activity of the company continued to be publishing.

Review of business and future developments

The Company has had another strong year to 31 January 2022 and has exceeded its budget. Due to the extremely strong results attained in FY21, it was expected that sales and profits would begin reverting back to pre-Covid levels of trade for FY22 and hence year on year sales were down 10.30%. In the opinion of the directors, the results for the year ended 31 January 2022 were satisfactory. It is expected that tougher economic conditions will result in a drop in revenue and increased costs for the year ended 31 January 2023.

The company reviews the following key performance indicators to aid the assessment of the performance of the business. As shown, the company has had a good year in all respects and is in a good position at the end of the year.

Financial Key Performance Indicators:

- a) Year on year turnover growth is a 10.30% decrease in 2022 against a 28.70% increase in 2021
- b) Gross profit margin is 38.56% in 2022 against 41.36% in 2021
- c) Return on capital is 14.15% in 2022 against 26.28% in 2021
- d) Sales per employee are £390,308 in 2022 against £451,347 in 2021
- e) Average salary per employee is £51,193 in 2022 against £47,767 in 2021
- f) Current ratio of assets to liabilities is 4.37 in 2022 against 3.46 in 2021
- g) Debtor collection period (in days) is 92 in 2022 against 109 in 2021
- h) Stock turnover period (in months) is 5.7 in 2022 against 4.2 in 2021

Non-financial Key Performance Indicators:

- a) New titles added to the list in the year are 320 in 2022 against 289 in 2021
- b) Recycling of paper was 86,000 litres in 2022 and 94,000 in 2021
- c) Recycling of packaging decreased in 2022 to 248 tons from 396 tons in 2021
- d) Hazardous waste (IT equipment) of 540kg in 2022 compared with 0kg in 2021 was recycled

The principal risks and uncertainties facing the company are considered to be the following:

- a) Demographic - falls in birth rates may affect the overall size of the markets in which the company operates.
- b) The company aims to replace a certain proportion of its product list each year and, in a very competitive market, the new product may not be successful.
- c) A significant proportion of the company's product is sourced and sold overseas and costs and revenues are therefore at risk from adverse currency exchange movements.
- d) Books are a mature leisure market and aim to compete with an ever-increasing electronic leisure sector, so publishing may attract a lower share of leisure expenditure.
- e) The major physical raw material is paper which can be subject to cyclical variation in availability and competing requirements from sectors other than book publishing.

USBORNE PUBLISHING LIMITED

STRATEGIC REPORT (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The Directors have reviewed the company's forecasted trading and cash position since the year end and for a period up to 12 months from the date of approval of these financial statements. The Directors have a reasonable expectation that the company is on track to achieve the forecasted position for the financial year ended 31 January 2023 and beyond. The Directors have also considered suitable sensitivities and conclude the entity has adequate resources to ensure it is able to meet its liabilities as and when they fall due for a period of not less than twelve months from the approval of these financial statements.

Post balance sheet events

On the 1st April 2022, the company declared and paid a dividend of £4,000,000.

Financial risk management

Details of the company's financial instruments and its policies with regard to financial risk management are given in note 23 of the financial statements.

Section 172(1) statement Companies Act 2006

The board of directors of Usborne Publishing Limited have considered both collectively and individually, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for its members and stakeholders as a whole. The directors have considered the requirements of Section 172(1) as follows:

Long term consequences of business decisions

The company operates in a sector characterised by long term relationships between stakeholders be they book distributors, authors, booksellers, printers and readers.

As a privately-owned company, the Board considers that the interests of the company and its shareholders are aligned in seeking sustainable value creation over the longer term through the Company's operation.

The interests of the company's employees

The success of our business depends on attracting, retaining and motivating employees.

To ensure that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

The Board continued in the year to engage with all employees, seeking regular feedback through performance reviews, team and staff meetings. Presentations to employees about the performance of the company and future plans were made throughout the year and staff were consulted on various enhancements to pay and conditions.

USBORNE PUBLISHING LIMITED

STRATEGIC REPORT (continued)

Training programmes in the year included subjects of working from home, diversity, mental health and Covid-19 related training, and the company encourages staff to participate in the activities provided by Vitality Health.

The latest Gender Pay gap report is published on the Company's websites.

Fostering the company's business relationships with suppliers, customers and others

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and others.

The Directors maintain strong relationships through participation in industry groups and gatherings such as book fairs. In particular, it pays attention to the experience of suppliers who seeks to improve the print quality, and the distribution of our books to our customers. The company is constantly adding new titles to its product range to meet their future as well as current demands.

The impact of the company's operations on the community and the environment

The Directors are committed to minimising our environmental impact and engaging in practices that will improve our stewardship of natural resources. At a minimum, we aim to comply with the laws, rules and regulations that pertain to the environment, but we accept we will often exceed legally mandated standards. Our goal as a company is to reduce our carbon usage significantly, which will require active participation by all employees. This means using existing resources wisely and looking for ways to lessen our usage or find sustainable alternatives. We evaluate vendors based on cost, services offered and their commitment to sustainable business practices.

The company commits to supporting various charities on an annual basis.

Maintaining the reputation for high standards of business conduct

Maintaining a reputation for high standards of business conduct is vital and the company expects all members of the supply chain to always act with integrity, acting openly, honestly and ethically. The Directors have a zero tolerance to fraud and consistently maintain effective oversight and scrutiny processes, executed with independence and impartiality. Integrity is underpinned with policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training. In addition to the company's core values, all employees must comply with these requirements and when taken together with the company's corporate responsibility commitments, they provide the framework within which the company operates internally and in the marketplace. Suppliers and contractors are also expected to behave in a consistent manner.

The need to act fairly as between members of the company

The Directors ensure all information is reported at our meetings, to promote regular and open discussions.

Approved by the Board of Directors on 28/09/2022

signed on their behalf by:



Nicola Usborne (Sep 28, 2022 17:00 GMT+1)

N. Usborne
Director

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 January 2022. Usborne Publishing Limited is a company incorporated in England and Wales, company number 01124359, with its principal place of business and registered office at 83-85 Saffron Hill, London, EC1N 8RT.

Results for the year and dividends

The profit for the year after taxation was £11,406,982 (2021: £18,569,926). The directors recommended a final dividend of £4,000,000 (2021: £2,500,000) which was paid on 21 May 2021 to ordinary shares, of which £2,950,000 (2021: £1,843,750) was in respect of the 'A' ordinary shares and the balance of £1,050,000 (2021: £656,250) was in respect of the 'B' ordinary shares.

Directors

The directors of the company during the year and up to date of signing this report were:

T.P. Usborne
N. Usborne
I. Lucchese (appointed 23 June 2021)

Charitable donations

During the year the company made donations for charitable purposes amounting to £185,858 (2021: £207,366).

We regularly donate free books and money to children's charities - and in 2022 we donated to 66 charities, mainly working to help children around the world. Usborne is a sponsor of Show Racism the Red Card, World Book Day and Access Aspiration.

Usborne Community Partners now work with, REACT, a humanitarian charity that works to empower disabled children throughout Ghana.

Usborne also supports staff who want to work with the reading charity Beanstalk, where adults listen to children reading out loud to them, particularly children with reading difficulties. Staff also fundraise for children's charities of their choice, and the company matches their total.

Other charities supported were, Empathy Labs, The Big Issue, Activiteens, Caring & Sharing Trust, Spina Bifida Hydrocephalus Information networking equality, Stories with Symbols, Kids Cancer Charity, Crohn's in Childhood Research Association National Deaf Children's Society.

Subsequent events and future developments

The intention of the directors is to continue the development of the company using existing strategies.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the candidates particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment whenever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (continued)

Business relationships

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and others, as outlined in the s172 statement of the strategic report.

The company maintains strong relationships through participation in industry groups and gatherings such as book fairs. In particular it pays attention to the experience of suppliers which seeks to improve the print quality, and the distribution of our books to our customers.

Employee engagement

The success of our business depends on attracting, retaining and motivating employees. The company has a policy of providing employees with information about the company, and employees are encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information.

To ensure that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

The Board continued in the year to engage with all employees, seeking regular feedback through performance reviews, team and staff meetings. Presentations to employees about the performance of the company and future plans were made throughout the year and staff were consulted on various enhancements to pay and conditions.

Training programmes in the year included subjects of working from home, diversity, mental health and Covid related training, and the company encourages staff to participate in the activities provided by Vitality Health.

The latest Gender Pay gap report is published on the Company's websites.

Energy and carbon reporting

Usborne Publishing Limited is reporting on its energy and emissions for the year ended 31 January 2022 for the first time this year and as such information is only provided for one year, in future accounts prior year information will also be provided. This year the Board have calculated the company's environmental impact across the required scope 1, 2 and 3 emission sources. The company's emissions are presented on both a location and market basis:

- On a location basis (which converts the amount of Kwh used on the UK grid emissions intensity rate, which is the number of grams of carbon dioxide it takes to power one unit of electricity for the UK grid) the company's emissions are 117tCO₂e (2021: 139tCO₂e), which is an average impact of 0.43tCO₂e (2021: 0.52tCO₂e) per FTE and 0.02tCO₂e (2021: 0.02tCO₂e) per m²;
- On a market basis (which converts the amount of Kwh used on a more specific rate based on the energy attributes agreed with the company's suppliers) the company's emissions are 76tCO₂e (2021: 71tCO₂e).

The Board calculated the emission intensity metrics on a per FTE and per m² basis, which we will monitor to track performance in the company's subsequent environmental disclosures.

The methodology used to calculate the greenhouse gas (GHG) emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version)
- DEFRA Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting requirements (March 2019)
- UK office emissions have been calculated using DEFRA 2021 issue of the conversion factor repository.

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (continued)

Emissions and energy usage

Energy Source	Emissions (Location basis - tCO2e)	
	2022	2021
<u>Scope 1</u>		
Natural Gas	49	46
Company and leased cars	4	5
Refrigerant	11	7
Total Scope 1	64	58
<u>Scope 2</u>		
Electricity	49	75
Total Scope 2	49	75
<u>Scope 3</u>		
Electricity transmission and Distribution	4	6
Total Scope 3	4	6
Total (market based)	76	71
Total (location based)	117	139
Total Energy usage (kWh)	508,558	591,522

The company has considered the emissions from owned vehicles and the Directors consider the emissions to be immaterial, and therefore these emissions are not included in this report.

Usborne Publishing has undertaken the following emissions and energy reduction initiatives:

- Thermostatic radiator valve (TRV) installation with broken or no control valves were fitted with TRVs allowing for locally controlled heating as and when required
- LED light installation - fluorescent tubes were replaced with LED bulbs thus saving 368kWh per month.
- Boiler optimisation - boiler run times were reduced to a minimum when sites had been empty for extended periods during the COVID-19 pandemic.

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- So far as that director was aware there was no relevant audit information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

USBORNE PUBLISHING LIMITED

DIRECTORS' REPORT (continued)

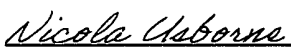
Financial risk management

Details of the company's financial instruments and its policies with regard to financial risk management are given in note 23 to the financial statements.

Auditors

A resolution for the re-appointment of CLA Evelyn Partners Limited will be proposed at the next Annual General Meeting.

Approved by the Board of Directors on 28/09/2022 signed on their behalf



Nicola Usborne (Sep 28, 2022 17:00 GMT+1)

N. Usborne
Director
Registered office:
Usborne House
83-85 Saffron Hill
London
EC1N 8RT

USBORNE PUBLISHING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of Usborne Publishing Limited (the 'company') for the year ended 31 January 2022 which comprise the Statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 January 2022 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.

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 Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and financial statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Opinions 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 the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are 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 directors determine is 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the company's legal and regulatory framework through inquiry of management concerning:

- their understanding of relevant laws and regulations; and
- the entity's policies and procedures regarding compliance.

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

We also drew on our existing understanding of the company's industry and regulation. We understand that the company complies with the framework through:

- Ensuring contracts with customers and suppliers are obtained;
- Obtaining third party reports on gender pay gap, anti-slavery and carbon and emissions;
- Engaging external advisors who deal with any copyright law requirements;
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- The directors' have close involvement in the day-to-day running of the business, meaning any litigation or claims are brought to their attention directly.

In the context of the audit, we considered those laws and regulations:

- which determine the form and content of the financial statements;
- which are central to the company's ability to conduct its business; and
- where failure to comply could result in material penalties.

We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS102 in respect of the preparation and presentation of the financial statements.
- The Copyright, Designs and Patents Act 1988 in respect of the copyrights held on the books as well as ensuring compliance where rights are not held.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- We enquired with the Company's management as to the existence of litigation and no material items were identified;
- We reviewed board meeting minutes of the Company for evidence of non-compliance and no material items were identified; and
- We obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of this discussion were with regards to manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

These areas were communicated to the other members of the engagement team not present at the discussion. The procedures we carried out to gain evidence in the above areas included:

- Testing a sample of revenue transactions to underlying documentation; and
- Testing of manual journal entries, selected based on specific risk assessments applied based on the Company's processes and controls surrounding manual journals.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



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

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 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.

Timothy Adams

Timothy Adams (Sep 28, 2022 17:05 GMT+1)

Timothy Adams

Senior Statutory Auditor, for and on behalf of

CLA Evelyn Partners Limited

Statutory Auditor

Chartered Accountants

45 Gresham Street

London

EC2V 7BG

28/09/2022

USBORNE PUBLISHING LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 January 2022

	Notes	2022	2021
		£	£
Turnover	3	108,505,742	120,961,080
Cost of sales		(66,663,743)	(70,932,279)
Gross profit		41,841,999	50,028,801
Distribution costs		(2,854,006)	(3,475,952)
Administrative expenses		(25,476,168)	(23,397,151)
Other operating income	4	13,857	9,706
Operating profit	7	13,525,682	23,165,404
Interest receivable		560	7,593
Interest payable	8	-	(228)
Profit before taxation		13,526,242	23,172,769
Taxation	9	(2,119,260)	(4,602,843)
Profit and total comprehensive income for the financial year		11,406,982	18,569,926

Profit and total comprehensive income is attributable to the shareholders.

The notes on pages 20 to 34 form part of the financial statements.

USBORNE PUBLISHING LIMITED

Registered number 01124359

BALANCE SHEET
As at 31 January 2022

	Notes	2022	2021
		£	£
Fixed assets			
Tangible	11	22,099,987	22,337,858
Investments	12	21,370	21,370
		<hr/>	<hr/>
		22,121,357	22,359,228
		<hr/>	<hr/>
Current assets			
Stocks	13	31,974,105	25,038,670
Debtors	14	29,099,070	36,862,113
Investments	15	124,468	234,194
Cash at bank and in hand		34,902,704	31,264,499
		<hr/>	<hr/>
		96,100,347	93,399,476
Creditors: amounts falling due within one year	16	(21,981,599)	(27,016,948)
		<hr/>	<hr/>
Net current assets		74,118,748	66,382,528
		<hr/>	<hr/>
Total assets less current liabilities		96,240,105	88,741,756
		<hr/>	<hr/>
Provisions for liabilities	17	(654,471)	(563,104)
		<hr/>	<hr/>
Net assets		95,585,634	88,178,652
		<hr/>	<hr/>
Capital and reserves			
Share capital	18	10,000	10,000
Share premium	19	2,448,469	2,448,469
Capital reserve	19	1,000	1,000
Capital redemption reserve	19	9,950	9,950
Retained earnings	19	93,116,215	85,709,233
		<hr/>	<hr/>
		95,585,634	88,178,652
		<hr/>	<hr/>

The accounts were approved and authorised for issue by the Board of Directors on 28/09/2022 and were signed on its behalf by:

Nicola Usborne
Nicola Usborne (Sep 28, 2022 17:00 GMT+1)

N. Usborne
Director

The notes on pages 20 to 34 form part of the financial statements.

USBORNE PUBLISHING LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 January 2022

	Share capital £	Share premium £	Capital reserve £	Capital redemption and reserve £	Retained earnings £	Total equity £
Balance as at 1 January 2020	10,000	2,448,469	1,000	9,950	69,639,307	72,108,726
Profit and total comprehensive income for the year	-	-	-	-	18,569,926	18,569,926
Transactions with owners: Dividends	-	-	-	-	(2,500,000)	(2,500,000)
Balance as at 31 January 2021	10,000	2,448,469	1,000	9,950	85,709,233	88,178,652
Profit and total comprehensive income for the year	-	-	-	-	11,406,982	11,406,982
Transactions with owners: Dividends	-	-	-	-	(4,000,000)	(4,000,000)
Balance as at 31 January 2022	10,000	2,448,469	1,000	9,950	93,116,215	95,585,634

USBORNE PUBLISHING LIMITED

STATEMENT OF CASH FLOWS
For the year ended 31 January 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	(a)	8,446,301	17,066,628
Investing activities			
Interest received		560	7,593
Purchases of tangible assets		(808,656)	(798,239)
Proceeds received on disposal of tangible assets		-	7,000
Net cash used in investing activities		(808,096)	(783,646)
Financing activities			
Interest paid		-	(228)
Dividends paid		(4,000,000)	(2,500,000)
Net cash used in financing activities		(4,000,000)	(2,500,228)
Net increase in cash and cash equivalents		3,638,205	13,782,754
Cash and cash equivalents at beginning of the year		31,264,499	17,481,745
Cash and cash equivalents at end of end of year		34,902,704	31,264,499

No external debt is held within the Company and thus no reconciliation of net debt has been produced.

USBORNE PUBLISHING LIMITED

NOTES TO STATEMENT OF CASH FLOWS

For the year ended 31 January 2022

a) Net cash generated from operating activities	2022 £	2021 £
Operating profit	13,525,682	23,165,404
Depreciation	1,046,527	1,387,272
(Increase)/decrease in stocks	(6,935,435)	1,990,741
Decrease/(increase) in debtors	7,996,668	(13,885,888)
(Decrease)/increase in creditors	(4,870,734)	10,186,899
Loss on disposal of fixed assets	-	3,225
Loss/(Gain) arising on fair value of investments	109,726	(132,278)
Increase in provisions	91,367	-
	<hr/>	<hr/>
Cash generated from continuing operations	10,963,801	22,715,375
Tax paid	(2,517,500)	(5,648,747)
	<hr/>	<hr/>
Net cash generated from operating activities	8,446,301	17,066,628
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 January 2022

1 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

Usborne Publishing Limited (registered company number 01124359) is a private limited company, limited by shares, incorporated in England and Wales. The address of the registered office is Usborne House, 83-85 Saffron Hill, London, EC1N 8RT.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

The accounts have been prepared under the historical cost convention as monitored by the revaluation of certain assets in accordance with the company's accounting policies. The presentation and functional currency is £ sterling.

The directors of Usborne Publishing Limited established a German Branch in March 2018 to enhance the services provided to our sole German distributor. In May 2020 the branch was incorporated as Usborne Verlag GmbH. See note 12 for further details.

The financial statements of the subsidiary Usborne Verlag GmbH is not included in the current year financial results of the company but appear as an investment in the company's financial statements, see note 12. In the opinion of the directors, the inclusion is not material for the purpose of giving a true and fair view, however £410,000 (2021: £340,000) of recharges is recognised in the company's results.

Going concern

The financial statements have been prepared on a going concern basis.

The Directors have reviewed the company's forecasted trading and cash position since the year end and for a period up to 12 months from the date of approval of these financial statements. The Directors have a reasonable expectation that the company is on track to achieve the forecasted position for the financial year ended 31 January 2023 and beyond. The Directors have also considered suitable sensitivities and conclude the entity has adequate resources to ensure it is able to meet its liabilities as and when they fall due for a period of not less than twelve months from the approval of these financial statements.

Consideration of inflation

Since the year end, the company has taken measures to strengthen its balance sheet and increase liquidity to ensure it has sufficient working capital. This will allow the Company to weather the effect of increases in utility costs and the pressure on other costs as a result of higher inflation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business and net of discounts, VAT and other sales related taxes.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 January 2022(continued)

1 Accounting policies (continued)

- i) Revenue from book publishing is recognised when title passes to the customer. A provision for anticipated returns is made based primarily on historical return rates in each territory. If these do not reflect actual returns in future periods, then revenues could be understated or overstated for a particular period.
- ii) Revenue from sale of consignment stock and royalties is recognised when title passes to the customer.
- iii) Revenue from e-book sales is recognised when content is delivered.

Foreign currency

Transactions in foreign currencies are recorded at the currency rates ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income under cost of sales.

Taxation

The tax expense represents the sum of tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2022 (continued)

1 Accounting policies (continued)

Tangible assets

Tangible assets comprise freehold property, fixtures & fittings, computer equipment and motor vehicles and are stated at cost less accumulated depreciation and any recognised impairment in value. Provision is made for depreciation on all classes of assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold land	not depreciated
Freehold building	25 years
Furniture and fittings	20 to 33.3% straight line
Computer equipment	25% straight line
Motor vehicles	20% to 25% straight line

Land and buildings are initially recognised at cost. Freehold land and buildings are subsequently carried at the revalued amount less impairment losses and accumulated building depreciation.

Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The directors from time to time obtain professional valuations where they believe a material change has occurred.

Increases in carrying amounts arising from revaluation, are recognised in the other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss.

Decreases in carrying amounts that offset previous increases of the same asset are recognised against the other comprehensive income. All other decreases in carrying amounts are recognised in the profit and loss for the year.

Impairment of non-financial assets

At each balance sheet date, tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Investments

Investments held as fixed assets are stated at cost less provisions for any impairment in value. Those held as current assets are stated at the lower of cost and net realisable value.

Investments in listed shares are initially measured at transaction price and subsequently measured at fair value, if this is a substantial movement; the changes in fair value are recognised in the Statement of Comprehensive Income. Fair value is determined using the quoted bid prices at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

1 Accounting policies (continued)

Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value after making allowance for obsolete or slow-moving items. Cost is defined as direct publication costs, together with a proportion of relevant overheads and directly attributable origination costs. Assets held by suppliers, but which are deemed in substance to be assets of the company have been included in stocks.

The company authorises a number of consignment stock arrangements. Consignment stock located at retailers stores and warehouses is included within the stock balance at year end. Once consignment stock has been sold by this customer, the customer notifies the company of the sale and the company records revenue in that accounting period.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the company becomes a party to the contractual provisions of the instrument.

Investments in listed shares are classified as basic financial instruments. They are initially measured at transaction price and subsequently measured at fair value, if this is a substantial movement; the changes in fair value are recognised in the Statement of Comprehensive Income. Fair value is determined using the quoted bid prices at the balance sheet date.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in the year in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2022 (continued)

1 Accounting policies (continued)

Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 Key sources of estimation uncertainty and judgment

The preparation of accounts in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgments

Financial instruments classification

The classification of financial instruments as “basic” or “other” requires judgment as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Bad debt provision

Trade debtors’ balances of £27,232,795 (2021: £36,008,964) are recorded in the company’s Balance Sheet, they include a reduction relating to a provision for bad debts of £1,688,388 (2021: £2,487,470). A full line by line review of trade debtors is carried out at the end of each month to assess the likelihood of recoverability of the debtor balance. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Stocks and work in progress provision

Provision is made against the carrying value of stocks and work in progress of £6,752,454 (2021: £7,451,808) based upon the age and the amount of stock held. Whilst every attempt is made to ensure that stocks and work in progress is valued at the lower of cost and net realisable value, there remains a risk that it may be valued at more than the lower of cost and net realisable value.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

3 Turnover

Turnover represents the value of goods and services delivered to customers during the period, less returns, and is stated net of value added tax.

	2022 £	2021 £
Turnover from book publishing activities	107,302,782	119,577,030
Royalty income	1,202,960	1,384,050
	<u>108,505,742</u>	<u>120,961,080</u>

Geographical analysis of turnover:

	2022 £	2021 £
U.K.	36,329,699	37,408,933
Overseas	72,176,043	83,552,147
	<u>108,505,742</u>	<u>120,961,080</u>

4 Other operating income

	2022 £	2021 £
Dividends receivable	13,857	9,706
	<u>13,857</u>	<u>9,706</u>

5 Employees

The average weekly number of employees, excluding directors, of the company during the year and their aggregate remuneration were as follows:-

	Number	Wages and salaries £	Social security £	Pension costs £	Total £
Year ended 31 January, 2021	268	12,801,494	1,311,607	1,268,117	15,381,218
Year ended 31 January, 2022	278	14,231,519	1,373,284	1,369,181	16,973,984

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2022 (continued)

5 Employees (continued)

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

	2022 No.	2021 No.
Administration	28	24
Editorial and production	151	150
Sales	99	94
	278	268

6 Directors' emoluments

	2022 £	2021 £
Aggregate emoluments	430,142	426,768
Highest paid director	£	£
Emoluments	251,022	196,088
Other emoluments	-	50,000
Pension contribution	14,769	11,376
	265,791	257,464

7 Operating profit

is stated after charging:

	2022 £	2021 £
Operating lease rentals		
- Hire of plant and machinery	57,618	56,679
- Other	818,594	1,413,300
Auditors' remuneration		
-Audit	60,000	56,500
-Taxation compliance (paid to related company of the auditors)	9,300	9,270
-Taxation advisory (paid to related company of the auditors)	23,515	7,335
Bad debt (impairment reversal)/expense	(704,905)	(261,915)
Depreciation	1,046,527	1,387,272
Impairment of stock	4,151,586	1,648,568
Loss/(Gain) arising on fair value of investments	109,726	(132,278)
Foreign exchange loss/(gain)	1,330,455	(113,829)
Stock taken to cost of sales	53,026,976	59,454,857

8 Interest payable

	2022 £	2021 £
Bank interest	-	228

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

9 Taxation	2022 £	2021 £
<i>Current tax</i>		
UK corporation tax at 19.00% (2021: 19.00%)	2,722,474	4,565,751
Adjustment in respect of prior years	<u>(655,491)</u>	<u>(372,282)</u>
	2,066,983	4,193,469
Double taxation relief	<u>(136,571)</u>	<u>(30,975)</u>
After double taxation relief	1,930,412	4,162,494
Foreign taxation	240,472	30,975
Adjustments in respect of prior periods (Foreign taxation)	<u>-</u>	<u>376,339</u>
Total current tax charge	<u>2,170,884</u>	<u>4,569,808</u>
<i>Deferred tax (see note 21)</i>		
Origination and reversal of timing differences	(90,584)	23,331
Adjustments in respect of prior periods	-	(827)
Effect of tax rate change on opening balance	<u>38,960</u>	<u>10,531</u>
Total deferred tax charge	<u>(51,624)</u>	<u>33,035</u>
Tax on profit on ordinary activities	<u>2,119,260</u>	<u>4,602,843</u>

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Tax reconciliation		
Profit on ordinary activities before tax	13,526,242	23,172,769
Tax on profit on ordinary activities at standard corporation tax rate of 19.00% (2021: 19%)	2,569,986	4,402,826
Tax effects of:		
Fixed asset differences	69,132	190,876
Expenses not deductible for tax purposes	27,344	2,224
Income not taxable for tax purposes	(2,633)	(1,844)
Adjustment to tax charge in respect of prior years	(655,491)	4,057
Adjustment to tax charge in respect of prior years - deferred tax	-	(827)
Restriction to foreign tax relief	103,903	-
Remeasurement of deferred tax for changes in tax rate	<u>7,020</u>	<u>5,531</u>
Total current tax charge	<u>2,119,260</u>	<u>4,602,843</u>

Finance Act 2021 includes legislation to increase the main rate of corporation tax to from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

10 Dividends paid			2022	2021	
			£	£	
£400 dividend per 'A' ordinary share			2,950,000	1,843,750	
£400 dividend per 'B' ordinary share			1,050,000	656,250	
			<u>4,000,000</u>	<u>2,500,000</u>	
11 Tangible fixed assets	Computer equipment	Furniture and fittings	Motor vehicles	Freehold Property	Total
	£	£	£	£	£
Cost					
At 1 February 2021	1,513,401	875,544	105,674	22,208,758	24,703,377
Additions	115,506	11,962	35,162	646,026	808,656
Disposals	(10,335)	-	-	-	(10,335)
	<u>1,618,572</u>	<u>887,506</u>	<u>140,836</u>	<u>22,854,784</u>	<u>25,501,698</u>
At 31 January 2022					
Depreciation					
At 1 February 2021	906,148	372,204	82,554	1,004,613	2,365,519
Charge for year	280,964	147,483	13,758	604,322	1,046,527
Disposals	(10,335)	-	-	-	(10,335)
	<u>1,176,777</u>	<u>519,687</u>	<u>96,312</u>	<u>1,608,935</u>	<u>3,401,711</u>
At 31 January 2022					
Net book value					
At 31 January 2022	<u>441,795</u>	<u>367,819</u>	<u>44,524</u>	<u>21,245,849</u>	<u>22,099,987</u>
At 31 January 2021	<u>607,253</u>	<u>503,340</u>	<u>23,120</u>	<u>21,204,145</u>	<u>22,337,858</u>

Freehold land estimated at a value of £7m is included in freehold property. Land is stated at fair value less accumulated impairment and is not depreciated. Buildings are stated at fair value less accumulated depreciation.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

12	Investments held as fixed assets	Shares in group undertakings - subsidiaries £
	At 31 January 2021	21,370
	At 31 January 2022	21,370

At 31 January 2022 the company had the following subsidiary undertakings:

Company	Country of incorporation	Activity	Proportion of ordinary shares held	Aggregate amount of share capital and reserves	Profit/(loss) for the year
Usborne Verlag GmbH	Germany	Administration	100%	£25,957	£3,636
Usborne Publishing Inc	U.S.A	Dormant	100%	(£66,523)	-
Usborne Books at Home Limited	England	Dormant	100%	£2	-
Usborne Music Publishing Limited	England	Dormant	100%	£2	-
Usborne Reference Publishing Limited	England	Dormant	100%	£2	-
Usborne Education Limited	England	Dormant	100%	£2	-

Usborne Books at Home Limited, Usborne Music Publishing Limited, Usborne Reference Publishing Limited and Usborne Education Limited have not traded. The registered address is 83-85 Saffron Hill, London, EC1N 8RT.

These entities have been dormant for the current and previous periods and therefore no consolidated set of accounts have been prepared including these entities.

Usborne Publishing Inc has not been consolidated since in the opinion of the Directors, its inclusion is not material for the purpose of giving a true and fair view. Usborne Publishing Inc has ceased trading. The registered address is 801 Adlai Stevenson Drive, Springfield, Illinois, 62703-4261 Sangamon.

Usborne Verlag GmbH has not been consolidated since in the opinion of the Directors, its inclusion is not material for the purpose of giving a true and fair view. Usborne Verlag GmbH recharged £410,000 (2021: £340,000) for services, included in overhead costs of Usborne Publishing Limited. The registered address is in Kurt-Schumacher Str. 18-20, 53113 Bonn, Germany.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2022 (continued)

12 Investments held as fixed assets (continued)

Additional information in respect of Usborne Publishing Inc.	£
Share of undistributed post incorporation losses at 1 February 2021	(67,760)
Loss retained in the year	-
	<hr/>
Balance at 31 January 2022	(67,760)
	<hr/> <hr/>

Additional information in respect of Usborne Verlag GmbH.	£
Share of undistributed post incorporation losses at 1 February 2021	(18,210)
Profit retained in the year	3,636
	<hr/>
Balance at 31 January 2022	(14,574)
	<hr/> <hr/>

13 Stocks	2022	2021
	£	£
Work in progress	10,482,381	8,853,993
Finished goods	21,491,724	16,184,677
	<hr/>	<hr/>
	31,974,105	25,038,670
	<hr/> <hr/>	<hr/> <hr/>

Finished goods include a stock provision of £5,713,283 (2021: £5,956,446).

14 Debtors	2022	2021
	£	£
Trade debtors	27,232,795	36,008,964
Other debtors	758,164	276,278
Prepayments and accrued income	634,015	576,871
Corporation tax	474,096	-
	<hr/>	<hr/>
	29,099,070	36,862,113
	<hr/> <hr/>	<hr/> <hr/>

Trade debtors includes bad debt provision of £1,688,388 (2021: £2,487,470) and returns provision of £1,387,587 (2021: £1,501,249).

15 Investments	2022	2021
	£	£
Listed investments - at market value	124,468	234,194
	<hr/> <hr/>	<hr/> <hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

16 Creditors: amounts falling due within one year	2022 £	2021 £
Trade creditors	17,243,663	21,010,257
Corporation tax	-	112,991
Other creditors	1,916,876	2,955,530
Social security and other taxation	536,404	359,117
Accruals and deferred income	2,212,905	2,455,677
Deferred tax (note 21)	71,752	123,376
	<hr/>	<hr/>
	21,981,599	27,016,948
	<hr/>	<hr/>

17 Provisions for liabilities	2022 £	2021 £
Dilapidations provision		
As at 1 February	563,104	563,104
Increase in provision	91,367	-
	<hr/>	<hr/>
As at 31 January	654,471	563,104
	<hr/>	<hr/>

The provision relates to the company's office sites and amounts that may be payable on cessation of the leases in order to make good the properties in question. This represents the directors best estimate of the cost of dilapidations.

18 Share capital	2022 £	2021 £
Allotted and fully paid		
7,375 'A' Ordinary shares of £1 each	7,375	7,375
2,625 'B' Ordinary shares of £1 each	2,625	2,625
	<hr/>	<hr/>
	10,000	10,000
	<hr/>	<hr/>

The 'A' shares and 'B' shares rank pari passu in all respects.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2022 (continued)

19 Reserves

A description of each reserve is set out below.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

Capital reserve

The capital reserve of £1,000 (2021: £1,000) is a non-distributable reserve.

Capital redemption reserve

The capital redemption reserve of £9,950 (2021: £9,950) represents the nominal value of the shares which were cancelled and redeemed out of distributable profits.

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

20 Operating lease commitments

At the balance sheet date, the company had total lease payments under non-cancellable leases as follows:

Property	2022 £	2021 £
Due:		
Within one year	714,288	728,220
Within two to five years	1,400,228	2,246,852
After five years	-	-
	<hr/>	<hr/>
	2,114,516	2,975,072
	<hr/>	<hr/>

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2022 (continued)

21 Deferred taxation

	2022 £	2021 £
The amount of recognised deferred tax liability is as follows:		
Accelerated capital allowances	(171,369)	(187,595)
Other timing differences	99,617	64,219
	<u>(71,752)</u>	<u>(123,376)</u>
Movement in deferred taxation		
At 1 February 2021		(123,376)
Profit and loss account (note 9)		<u>51,624</u>
At 31 January 2022 (note 16)		<u>(71,752)</u>

22 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. In the opinion of the board the company's key management are the directors.

	2022 £	2021 £
Total compensation to key management personnel/directors	430,142	426,768
	<u>430,142</u>	<u>426,768</u>
	2022 £	2021 £
Dividends paid to key management personnel/directors	2,950,000	1,843,750
	<u>2,950,000</u>	<u>1,843,750</u>

At 31 January 2022 the ultimate controlling party was T.P. Osborne, a shareholder and director of the company.

A subsidiary recharged £410,000 (2021: £340,000) for services, included in overhead costs of Osborne Publishing Limited.

A shareholder purchased goods £169,611 (2021: £122,641) from Osborne Publishing Limited.

23 Financial instruments

The company's financial instruments comprise cash and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations.

The company's operations expose it to a variety of financial risks including credit risk, liquidity risk and foreign currency exchange rate risk.

USBORNE PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2022 (continued)

23 Financial instruments (continued)

Credit risk

The company's credit risk is primarily attributable to its trade debtors. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is regularly considered by the board.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The company maintains sufficient funds for its operations.

The company's financial liabilities comprise trade creditors. They are measured at amortised cost.

Foreign currency exchange rate risk

The company is exposed to foreign exchange rate risk as a result of trade debtors and trade creditors which will be settled in foreign currencies. The company has no material financial exposure to foreign exchange gains and losses on financial assets and liabilities at the year end and does not hedge any of its trading activities.

24 Post balance sheet events

On the 1st April 2022, the company declared and paid a dividend of £4,000,000.