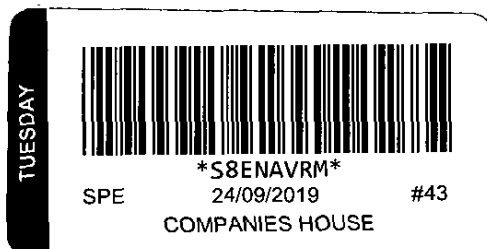


Guinness World Records Limited

**Strategic report, directors' report and
financial statements**

Registered number 541295

For the year ended 31 December 2018



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Strategic Report

The directors present their strategic report on the company for the year ended 31 December 2018.

Principal activities

The Company is engaged in the publication and licensing of intellectual property created through the adjudication of world records. These activities include publishing the main "Guinness World Records" book, , licensing content for television and other forms of media, and providing business and brand marketing solutions through consultancy services.

Business review

The profit for the year ended 31 December 2018 was £4.3 million; (2017: £6.9 million). Turnover for the year was £22.2 million (2017: £22.3 million) giving an operating margin/profit of 26.4%/£5.8million (2017: 31.7%/£7.1 million); a gross margin of 75.2%/£16.7 million (2017: 76.3%/£17.0 million); and days sales outstanding of 43 days (2017: 54 days).

These key performance indicators are in line with directors' expectation.

Business environment

The Company operates a brand that has a strong history dating back to 1954. The main book sells 2.3 million copies worldwide in 25 languages. The publishing market continues to be challenging with bricks and mortar stores being replaced by online stores, the fastest growing marketplace. Retailers are dedicating less space to books and shopping habits have changed, which is also having a negative impact. Customers leave it later to do their Christmas shopping driven by the ease and speed of online shopping. Despite these challenges our annual book continues to be in the Top 10 seller list and the company is committed to retaining sales levels.

In addition to publishing, the Company has developed a strong consultancy business. This business has grown out of the sales of adjudications and licensing services and Guinness World Records provides consulting services, including brand and content licensing, to help clients develop marketing and public relations campaigns that leverage world record attempts and achievements. Guinness World Records is the global leader in collecting, confirming and presenting World Records

Principal risks and uncertainties

The publishing business is still highly dependent on doing business through traditional bookstores and retailers which are themselves under threat from the rise of the online marketplace. Following the Brexit referendum, (the decision by the UK to exit the European economic union), the economic outlook remains uncertain and businesses are more cautious around investment decisions. The impact of this can be seen on the UK consultancy sales, however growing overseas consultancy sales have gone some way to negate that impact.

The Company has been involved in a litigation case in India for many years and despite the strong evidence in the company's favour, any outcome cannot be ascertained, and therefore the potential financial impact is unknown. In June 2019, the final hearing took place. The final judgment has not yet been received and depending on the decision and the value of any settlement awarded, may be appealed by either party.

Guinness World Records Limited has successfully expanded its business geographically over the last few years and now has offices in Japan, China, and the Middle East, in addition to the United Kingdom.

Strategic Report *(continued)*

Strategy

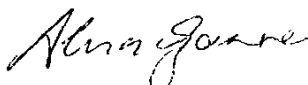
The main challenge for the Company is to seek ways to diversify. Publishing revenue has steadily declined over the years due to the aforementioned reasons, and in 2019, it is expected that publishing turnover will be less than half of the Company's total turnover. The Company is focused on growing the Records, Licensing and consulting businesses. The approach that the company has taken is to restructure internally to put more resources behind these business lines and by expanding geographically. These businesses are more labour intensive so growth in these areas requires a significant investment in people and they generate a lower operating margin (as a percentage of turnover) than the publishing business.

Over the last few years, the UK economy has been weak and sterling has suffered as a result but this has benefitted the Company in its overseas markets. The approach that the Company has taken to currency risk over this period is via natural hedging, seeking to cover its foreign debts by bringing in cash in the same currency from foreign debtors. Following the Brexit referendum, (the decision by the UK to exit the European economic union), the UK economy is once again weak which means that any future foreign currency sales will be worth more to the Company. The Company will continue to monitor foreign exchange risk using a combination of natural hedging and forward contracts.

Future Outlook

The directors feel that by adopting the strategies described, the Company will continue to retain and grow its market share. The economic environment continues to be challenging, however the directors are optimistic about the Company's ability to meet its future growth targets.

By order of the board



Alison Ozanne
Director
19 September 2019

12th Floor South Quay Building, 189 Marsh Wall,
London E14 9SH

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2018.

Dividends

On 28 March 2018 the Company paid an interim dividend of £6.5 million (2017: £4.25 million) to GWRUK Acquisition Corp Limited.

Directors

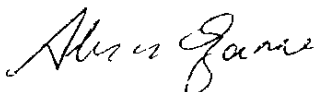
The directors who held office during the year and at the date of this report were as follows:

A. Ozanne
A. Richards
R. Barrington-Foote

Political contributions

The Company made no political donations nor incurred any political expenditure during the period (2017: £nil).

By order of the board



Alison Ozanne
Director

19 September 2019

12th Floor South Quay Building, 189 Marsh Wall,
London E14 9SH

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 UK Accounting Standards and applicable law (UK 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 judgments 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of Income and Retained Earnings
for the year ended 31 December 2018

	<i>Note</i>	2018	2017
		£000	£000
Turnover	2	22,174	22,301
Cost of sales		(5,497)	(5,297)
Gross profit		16,677	17,004
Selling, marketing and distribution costs		(1,040)	(1,278)
Administrative expenses		(9,791)	(8,665)
Operating profit		5,846	7,061
Interest receivable and similar income	6	3	1,004
Interest payable and similar charges	7	(518)	(29)
Profit before taxation	3	5,331	8,036
Tax on profit	8	(1,050)	(1,091)
Profit after taxation		4,281	6,945
Retained earnings at 31 December 2017		7,737	5,042
Dividends paid		(6,500)	(4,250)
Retained earnings at 31 December 2018		5,518	7,737

There are no recognised gains or losses other than the profit for the period and therefore no separate statement of other comprehensive income has been presented.

There is no difference between profit and the retained profit for the period stated above and their historical cost equivalents.

All amounts relate to continuing operations.

The notes on pages 9 to 21 form part of these financial statements.

Balance Sheet

As at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	9	355	464
Investments	10	111	111
		466	575
Current assets			
Stocks	11	358	580
Debtors	12	3,750	4,690
Cash at bank and in hand		12,443	11,328
		16,551	16,598
Creditors: amounts falling due within one year	14	(8,078)	(5,851)
Net current assets		8,473	10,747
Total assets less current liabilities		8,939	11,322
Provisions for liabilities	15	(3,421)	(3,585)
Net assets		5,518	7,737
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		5,518	7,737
Shareholders' funds		5,518	7,737

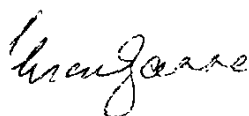
For the year ending 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The notes on pages 9 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 19 September 2019 and were signed on its behalf by:



Alison Ozanne
 Director

Notes

1 Principal accounting policies

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group accounts as the Company is included in the consolidated accounts of its immediate parent company, GWRUK Acquisition Corp Limited, a company incorporated in the United Kingdom. These financial statements present information about the Company as an individual undertaking and not about its group.

These Company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied.

The Company's immediate parent undertaking, GWRUK Acquisition Corp Limited includes the Company in its consolidated financial statements. The consolidated financial statements of GWRUK Acquisition Corp Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from companieshouse.gov.uk. In these financial statements, the Company is considered to be a qualifying entity under FRS 102 and has applied the exemptions available in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of accounting

The Company financial statements are prepared on a going concern basis, under historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

A summary of the significant accounting policies which have been applied is set out below.

Significant estimates and assumptions

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Notes (continued)

1 Principal accounting policies (continued)

Turnover

Turnover is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided by the Company in the normal course of business net of discounts, returns and value added tax. Revenue from the sale of publications is recognised as goods are shipped to customers. Turnover is stated net of deductions and expected returns are based on management judgement and historical experience. Revenues from television programme sales, royalty revenues from licenses granting publication, trademark usage and other rights and net fees from exhibition are recognized on a receivable basis. Licence fees earned from programme content are recognised on the later of the start date or delivery of the associated programme. Revenue from adjudication services provided is recognized as it is earned.

Provision for returns

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell and complete and valued on a first-in, first-out basis. Cost includes raw materials, direct labour and directly attributable expenses. Expenditure on books not yet published is included in work-in-progress and reclassified as finished goods on publication.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The expected useful lives of the assets to the business are reassessed periodically.

Asset	Estimated useful life
Fixtures, fittings and equipment	3-10 years
Computer equipment	3 years

Computer equipment includes certain website development costs capitalised to the extent that they lead to an enduring asset delivering benefits at least as great as the amount capitalised.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. The Company has no finance leases.

Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

1 **Principal accounting policies** *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Comparative information

Certain of the information presented for comparative purposes has been reclassified to conform to the financial statement presentation adopted for the current year.

Notes (continued)

2 Analysis of turnover

	2018	2017
	£000	£000
<i>By geographical market:</i>		
United Kingdom	5,595	6,678
Rest of Europe	5,678	4,943
United States	4,069	4,627
Japan	2,919	2,229
China	505	455
Rest of World	3,408	3,369
	<u>22,174</u>	<u>22,301</u>
<i>By class of business:</i>		
Publishing	13,936	14,992
Consultancy services	7,470	6,372
Television	768	937
	<u>22,174</u>	<u>22,301</u>

3 Expenses

	2018	2017
	£000	£000
<i>Included in profit are the following:</i>		
Depreciation	138	151
Operating lease rentals	454	443
	<u>592</u>	<u>594</u>

Notes (continued)

4 Remuneration of directors

	2018	2017
	£000	£000
Directors' emoluments	718	624
Company contributions to money purchase pension schemes	40	42

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £506,000 (2017: £514,000), and Company pension contributions of £34,000 (2017: £34,000) were made to a money purchase scheme on his behalf.

One director did not receive any remuneration in respect of his services to the company in the current period or prior year. There are no retirement benefits accruing to any director and none of the directors have any shares or options in the Company.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2018	2017
Publishing	22	22
Television	2	2
Consultancy	27	22
Other – support	48	44
Total	<u>99</u>	<u>90</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	5,162	4,865
Social security costs	712	671
Pension costs	258	243
	<u>6,132</u>	<u>5,779</u>

The Company operates a defined contribution scheme. The amounts charged above represent the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

6 Interest receivable and similar income

	2018 £000	2017 £000
Bank interest received	3	-
Net income on foreign exchange	-	1,004
	3	1,004

7 Interest payable and similar expenses

	2018 £000	2017 £000
Bank fees and other charges	28	29
Net loss on foreign exchange	490	-
	518	29

8 Taxation

	2018 £000	2017 £000
<i>Current tax</i>		
Current tax on income for the period	759	1,287
Adjustment in respect of previous years	307	(205)
Foreign taxes suffered	(6)	-
Total current tax	1,060	1,082
<i>Deferred tax</i>		
Origination and reversal of timing differences	(11)	14
Change in tax rates	2	(5)
Total deferred tax	(10)	9
Total tax	1,050	1,091

Total tax analysed as:

	2018			2017		
	Current tax £000	Deferred tax £000	Total tax £000	Current tax £000	Deferred tax £000	Total tax £000
Recognised in Profit and loss account	1,060	(10)	1,050	1,082	9	1,091

Notes (continued)

8 Taxation (continued)

The current tax charge for the year is higher (2017: lower) than the standard rate of corporation tax in the UK effective for the year (19.00%, 2017:19.25%). The differences are explained below.

	2018	2017
	£000	£000
Profit on ordinary activities before tax	5,331	8,036
Profit on ordinary activities multiplied by the rate of 19.00 % (2017: 19.25 %)	1,013	1,547
<i>Effects of:</i>		
Capital allowances for period less than depreciation	7	4
Losses surrendered by other group companies for nil payment	(267)	(264)
Adjustment in respect of previous years	307	(205)
Deferred tax charge	(10)	9
Total tax expense included in profit (see above)	1,050	1,091

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

9 Tangible fixed assets

	Fixtures, fittings and equipment	Total
	£000	£000
<i>Cost</i>		
At 1 January 2018	2,302	2,302
Additions	29	29
At 31 December 2018	2,331	2,331
<i>Depreciation</i>		
At 1 January 2018	1,838	1,838
Charge for year	138	138
At 31 December 2018	1,976	1,976
<i>Net book value</i>		
At 31 December 2018	355	355
At 31 December 2017	464	464

Notes (continued)

10 Investments

	Shares in group undertakings £000	Total £000
<i>Cost</i>		
At 1 January 2018	111	111
Additions	-	-
	<u>111</u>	<u>111</u>
At 31 December 2018	<u>111</u>	<u>111</u>

	Registered address	Principal Activity	Class and percentage of shares held
Guinness World Records Japan KK	DT Gaien bldg., 2-4-12, Jingumae, Shibuya-ku, Tokyo, Japan	Sales	Ordinary 100%
Guinness World Records Consulting (Beijing) Limited	B621, Gehua Tower No. 1, Qinglong Hutong, Dongcheng District, Beijing, 100007, China	Sales	100%

The closing reserves of Guinness World Records Japan KK at 31 December 2018 are £840,000 (2017: £334,000) and the profit for the year ended 31 December 2018 is £506,000 (2017: £95,000).

The closing reserves of Guinness World Records Consulting (Beijing) Limited at 31 December 2018 are £2,903,000 (2017: £1,985,000) and the profit for the year ended 31 December 2018 is £918,000 (2017: £1,048,000).

11 Stocks

	2018 £000	2017 £000
Work in progress	159	118
Finished goods and goods for resale	199	462
	<u>358</u>	<u>580</u>

Included in cost of sales for the year ended 31 December 2018 are amounts relating to inventories of £4,513,000 (2017: £4,115,000).

Notes (continued)

12 Debtors

	2018	2017
	£000	£000
Trade debtors	2,594	3,291
Amounts owed by subsidiary undertakings	137	136
Amounts owed by fellow undertakings	-	534
Other debtors	177	170
Corporate tax receivable	350	153
Net deferred tax assets (note 13)	121	111
Prepayments and accrued income	371	295
	<hr/>	<hr/>
	3,750	4,690

The amounts owed by subsidiary undertakings represent amounts owed by Guinness World Records Consulting (Beijing) Limited. The amounts owed by fellow undertakings represent amounts owed by Guinness World Records North America Inc.

13 Deferred tax asset

	2018	2017
	£000	£000
Deferred tax assets are attributable to the following:		
Accelerated capital allowances	(25)	(38)
Short-term timing differences	146	149
	<hr/>	<hr/>
	121	111

Notes (continued)

14 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	494	689
Other creditors	85	96
Amounts owed to subsidiary undertakings	3,206	1,227
Amounts owed to fellow undertakings	1,257	12
Accruals and deferred income	3,036	3,827
	<hr/> 8,078	<hr/> 5,851

The amounts owed to subsidiary undertakings represent balances owed to GWR (Branch Operations) Limited and Guinness World Records Japan KK. The amounts owed to fellow undertakings represent balances owed to Guinness World Records North America, Inc. and Jim Pattison Entertainment Ltd.

Notes (continued)

15 Provisions for liabilities

	Returns provisions £000	Other provisions £000	Total £000
At 1 January 2018	1,714	1,871	3,585
Utilised during period	(1,714)	-	(1,714)
Additional amounts provided	1,550	-	1,550
Amounts released unused	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,550	1,871	3,421

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions. The majority of the other provisions relate to a litigation case in India referred to in the Strategic Report.

16 Called up share capital

	2018 £	2017 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

Notes *(continued)*

17 Dividends

The aggregate amount of dividends comprises:

	2018	2017
	£000	£000
Interim dividends paid in respect of the current year	6,500	4,250

On 28 March 2018, an interim cash dividend of £6.5 million was paid to GWRUK Acquisition Corp Limited.

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is £nil (2017:£nil).

18 Operating Lease Commitments

At 31 December 2018, the Company had total commitments under non-cancellable operating leases as follows:

	2018	2017
	Land and Buildings	Land and buildings
	£000	£000
Within one year	287	287
Between one and five years	1,148	1,148
More than five years	574	1,148
	2,009	2,583

Notes (continued)

19 Related Party Transactions

Under FRS 102 the company is exempt from the requirement to disclose related party transactions with the Guinness World Records Group and its associated undertakings on the ground that it is a wholly owned subsidiary of GWRUK Acquisition Corp Limited.

During the year, the Company received £4,069,000 in sales included in turnover (2017: £4,627,000) from Guinness World Records North America, Inc. and Ripley Entertainment Inc., fellow subsidiary undertakings of Jim Pattison Ltd.

During the year, the Company paid £1,968,000 in marketing and sales services included in cost of sales (2017: £1,553,000) to Guinness World Records North America, Inc., fellow subsidiary undertaking of Jim Pattison Ltd.

At 31 December 2018, the Company was owed £137,000 included in debtors, (2017: £136,000) from its subsidiary, Guinness World Records Consulting (Beijing) Limited (note 12).

At 31 December 2018, the Company owed £1,247,000 included in creditors, to Guinness World Records North America Inc., fellow subsidiary undertaking of Jim Pattison Ltd. (note 14).

At 31 December 2018, the Company owed £601,000 included in creditors, (2017: £135,000) to its subsidiary, Guinness World Records Japan KK (note 14).

At 31 December 2018, the Company owed £2,605,000 included in creditors, (2017: £1,092,000) to its subsidiary, GWR (Branch Operations) Limited. (note 14).

At 31 December 2018, the Company owed £10,000 included in creditors, (2017: £12,000) to Jim Pattison Entertainment Ltd., fellow subsidiary undertaking of Jim Pattison Ltd. (note 14).

At 31 December 2018, the Company was owed £nil (2017: £534,000) included in debtors, from Guinness World Records North America Inc., fellow subsidiary undertaking of Jim Pattison Ltd. (note 12).

20 Immediate and ultimate parent undertakings

The Company is a subsidiary undertaking of GWRUK Acquisition Corp Limited which is the immediate parent company whose registered office is situated at 12th Floor South Quay Building, 189 Marsh Wall, London, United Kingdom E14 9SH. The ultimate parent company is Jim Pattison Ltd. whose registered office is situated at 18th Floor, 1067 West Cordova Street, Vancouver, British Columbia, Canada V6C 1C7.

21 Post balance sheet events

On 16 April 2019 the Company paid a dividend of £5.0 million to GWRUK Acquisition Corp Limited.