REGISTERED NUMBER: SC064650 (Scotland)

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Report of the Directors and

Financial Statements

for the Year Ended 31 December 2017

for

Mainstream Publishing Company
(Edinburgh) Limited

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SCT 21/09/2018 #473
COMPANIES HOUSE

Gibson McKerrell Brown LLP
Chartered Accountants and Statutory Auditors
14 Rutland Square
Edinburgh
Midlothian
EH1 2BD

Mainstream Publishing Company
(Edinburgh) Limited (Registered number: SC064650)

Contents of the Financial Statements
for the Year Ended 31 December 2017

Mainstream Publishing Company (Edinburgh) Limited

Company Information for the Year Ended 31 December 2017

DIRECTORS:	M W Gardiner T D Weldon
SECRETARY:	M W Gardiner
REGISTERED OFFICE:	54-66 Frederick Street Edinburgh EH2 1LS
REGISTERED NUMBER:	SC064650 (Scotland)
AUDITORS:	Gibson McKerrell Brown LLP Chartered Accountants and Statutory Auditors 14 Rutland Square Edinburgh Midlothian EH1 2BD
BANKERS:	Nat West Bank PLC City of London Office 1 Princes Street London EC3P 3AR

**Mainstream Publishing Company
(Edinburgh) Limited**

**Report of the Directors
for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY
The company's principal activity continues to be that of printing and publishing of books.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

M W Gardiner
T D Weldon

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- prepare the financial statements on the going concem 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.

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

AUDITORS
The auditors, Gibson McKerrell Brown LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M W Gardiner
....
M W Gardiner - Director

Date: 11/7/18 ....

Report of the Independent Auditors to the Members of
Mainstream Publishing Company
(Edinburgh) Limited

Opinion
We have audited the financial statements of Mainstream Publishing Company (Edinburgh) Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Mainstream Publishing Company (Edinburgh) Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

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

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

Andrew Gibson CA (Senior Statutory Auditor)
for and on behalf of Gibson McKerrell Brown LLP
Chartered Accountants and Statutory Auditors
14 Rutland Square
Edinburgh
Midlothian
EH1 2BD

Date: 12/9/18

Mainstream Publishing Company (Edinburgh) Limited

Income Statement for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
TURNOVER	3	420,644	516,393
Cost of sales		563,455	250,523
GROSS (LOSS)/PROFIT		(142,811)	265,870
Administrative expenses		14,026	19,760
OPERATING (LOSS)/PROFIT	4	(156,837)	246,110
Interest receivable and similar income		1,047	1,378
(LOSS)/PROFIT BEFORE TAXATION		(155,790)	247,488
Tax on (loss)/profit	5	(33,335)	46,890
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(122,455)	200,598

The notes form part of these financial statements

Mainstream Publishing Company
(Edinburgh) Limited

Other Comprehensive Income
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
(LOSS)/PROFIT FOR THE YEAR		(122,455)	200,598
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(122,455)	200,598

Mainstream Publishing Company
(Edinburgh) Limited (Registered number: SC064650)

Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
CURRENT ASSETS			
Stocks	7	42,165	39,936
Debtors	8	655,685	506,387
		697,850	546,323
CREDITORS			
Amounts falling due within one year	9	120,872	196,890
NET CURRENT ASSETS		576,978	349,433
TOTAL ASSETS LESS CURRENT LIABILITIES		576,978	349,433
PROVISIONS FOR LIABILITIES	11	350,000	-
NET ASSETS		226,978	349,433
CAPITAL AND RESERVES			
Called up share capital	12	40,000	40,000
Retained earnings	13	186,978	309,433
SHAREHOLDERS' FUNDS		226,978	349,433

The financial statements were approved by the Board of Directors on 11/9/18 and were signed on its behalf by:

M W Gardiner - Director

The notes form part of these financial statements

Mainstream Publishing Company (Edinburgh) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	40,000	424,565	464,565
Changes in equity			
Dividends	-	(315,730)	(315,730)
Total comprehensive income	-	200,598	200,598
Balance at 31 December 2016	40,000	309,433	349,433
Changes in equity			
Total comprehensive income	-	(122,455)	(122,455)
Balance at 31 December 2017	40,000	186,978	226,978

The notes form part of these financial statements

Mainstream Publishing Company (Edinburgh) Limited

Cash Flow Statement for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	53,569	374,737
Tax paid		(49,490)	(63,077)
Net cash from operating activities		4,079	311,660
Cash flows from investing activities			
Interest received		1,047	1,378
Net cash from investing activities		1,047	1,378
Cash flows from financing activities			
Equity dividends paid		-	(315,730)
Net cash from financing activities		-	(315,730)
Increase/(decrease) in cash and cash equivalents		5,126	(2,692)
Cash and cash equivalents at beginning of year	2	(7,251)	(4,559)
Cash and cash equivalents at end of year	2	(2,125)	(7,251)

The notes form part of these financial statements

Mainstream Publishing Company
(Edinburgh) Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2017

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
(Loss)/profit before taxation	(155,790)	247,488
Finance income	(1,047)	(1,378)
	(156,837)	246,110
(Increase)/decrease in stocks	(2,229)	5,243
(Increase)/decrease in trade and other debtors	(119,227)	158,387
Increase/(decrease) in trade and other creditors	331,862	(35,003)
Cash generated from operations	53,569	374,737

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Bank overdrafts	(2,125)	(7,251)

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Bank overdrafts	(7,251)	(4,559)

1. **GENERAL INFORMATION**

Mainstream Publishing Company (Edinburgh) Limited is a company limited by shares, incorporated in Scotland. Its registered office is 54-66 Frederick Street, Edinburgh, EH2 1LS. The company's principal place of business is at The Book Service, Colchester Road, Frating Green, Colchester, Essex, CO7 7DW.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Revenue recognition
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of value added tax. The company recognises revenue when the amounts of revenue can be measured reliably and when it is probable that future economic benefits will flow to the entity.

Stock and work in progress
Stock valuations are based on a cost formula calculated on anticipated sales depending on whether stock is less than 3 months old since publication, 4-12 months or over 12 months.

Financial instruments
The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and payables, loans from banks and other third parties.

At the end of each reporting period, financial assets that are measured at cost are assessed for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in theIncome Statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows arising from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party.

Financial liabilities are measured at amortised cost less any accumulated impairment losses. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

continued...

2. **ACCOUNTING POLICIES - continued**

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

3. **TURNOVER**

The turnover and loss (2016 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	312,091	402,235
Rest of world	108,553	114,158
	420,644	516,393

4. **OPERATING (LOSS)/PROFIT**

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	2017	2016
	£	£
Foreign exchange differences	886	(877)
Auditors' remuneration	7,200	5,453
Cost of inventories recognised as expense	55,823	56,776
Provision for disputed film rights	350,000	-

5. **TAXATION**

Analysis of the tax (credit)/charge
The tax (credit)/charge on the loss for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	(33,335)	47,083
Withholding tax suffered	-	(193)
Tax on (loss)/profit	(33,335)	46,890

continued...

5. **TAXATION - continued**

Reconciliation of total tax (credit)/charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
(Loss)/profit before tax	(155,790)	247,488
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(29,990)	49,498
Effects of:		
Adjustments to tax charge in respect of previous periods	(3,345)	(2,415)
Withholding tax suffered	-	(193)
Total tax (credit)/charge	(33,335)	46,890

6. **DIVIDENDS**

	2017	2016
	£	£
Interim	-	315,730

7. **STOCKS**

	2017	2016
	£	£
Stock	42,068	39,684
Work-in-progress	97	252
	42,165	39,936

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Amounts owed by group undertakings	612,289	492,772
Other debtors	13,325	13,615
Tax	30,071	-
	655,685	506,387

Book returns have been provided for in accordance with the industry practice.

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Bank loans and overdrafts (see note 10)	2,125	7,251
Trade creditors	4,958	3,378
Corporation tax	-	52,754
Other creditors	113,789	133,507
	120,872	196,890

continued...

10. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	2,125	7,251

11. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Other provisions		
Legal disputes provision	350,000	-

	Other provisions £
Legal disputes provision	350,000
Balance at 31 December 2017	350,000

12. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2017 £	2016 £
40,000	Ordinary	£1	40,000	40,000

13. RESERVES

	Retained earnings £
At 1 January 2017	309,433
Deficit for the year	(122,455)
At 31 December 2017	186,978

14. ULTIMATE PARENT COMPANY

Bertelsmann SE & Co KGaA (incorporated in Germany) is regarded by the directors as being the company's ultimate parent company.

The consolidated financial statements of Bertelsmann SE & Co KGaA can be obtained from:

Bertelsmann SE & Co KGaA
Corporate Communications
Carl Bertelsmann Strasse 270
Postfach 111
D-33311 Gütersloh
Germany