

REGISTRAR

DUNCAN BAIRD PUBLISHERS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2000

Company Registration Number 2650152



ARNOLD HILL & CO
Chartered Accountants & Registered Auditors
Craven House
16 Northumberland Avenue
London
WC2N 5AP

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DUNCAN BAIRD PUBLISHERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

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DUNCAN BAIRD PUBLISHERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors present their report and the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is the creation, design and production of non-fiction illustrated books for international markets.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2000	At 1 January 2000
D N C Baird	271,649	271,649
D J Attwooll	1,250	1,250
J P Mitchell	120,332	120,332
R M Saxton	20,266	20,266
R J Walton	34,350	34,350
A W J Mitchell	45,825	45,825
N J Foster	-	-
A Mirken	<u>100,557</u>	<u>100,557</u>

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

DUNCAN BAIRD PUBLISHERS LIMITED

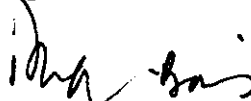
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2000

AUDITORS

A resolution to re-appoint Arnold Hill & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



D N C BAIRD

Director

Approved by the directors on 26.01.01

DUNCAN BAIRD PUBLISHERS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Craven House
16 Northumberland Avenue
London
WC2N 5AP

29 October 2001

Arnold Hill *26*

ARNOLD HILL & CO
Chartered Accountants
& Registered Auditors

DUNCAN BAIRD PUBLISHERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
TURNOVER	2	5,019,751	4,548,297
Cost of sales		<u>3,953,893</u>	<u>3,538,669</u>
GROSS PROFIT		1,065,858	1,009,628
Distribution costs		232,041	134,975
Administrative expenses		<u>727,795</u>	<u>776,789</u>
OPERATING PROFIT	3	106,022	97,864
Loss on disposal of fixed assets	6	-	(229)
		<u>106,022</u>	<u>97,635</u>
Interest receivable	7	10,515	4,264
Interest payable	8	<u>(88,180)</u>	<u>(84,510)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		28,357	17,389
Tax on profit on ordinary activities	9	<u>(4,189)</u>	<u>(1,119)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		24,168	16,270
Balance brought forward		<u>(949,622)</u>	<u>(965,892)</u>
Balance carried forward		<u><u>(925,454)</u></u>	<u><u>(949,622)</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

DUNCAN BAIRD PUBLISHERS LIMITED

BALANCE SHEET

31 DECEMBER 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Intangible assets	10	-	5,492
Tangible assets	11	96,958	96,184
Investments	12	5,000	5,000
		<u>101,958</u>	<u>106,676</u>
CURRENT ASSETS			
Stocks	13	1,295,684	1,074,994
Debtors	14	1,941,248	1,490,384
Cash at bank		69,463	302,179
		<u>3,306,395</u>	<u>2,867,557</u>
CREDITORS: Amounts falling due within one year	15	<u>(2,749,812)</u>	<u>(2,284,860)</u>
NET CURRENT ASSETS		<u>556,583</u>	<u>582,697</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>658,541</u>	<u>689,373</u>
CREDITORS: Amounts falling due after more than one year	16	<u>(96,250)</u>	<u>(151,250)</u>
		<u>562,291</u>	<u>538,123</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	784,056	784,056
Share premium account		703,689	703,689
Profit and Loss Account		(925,454)	(949,622)
SHAREHOLDERS' FUNDS	20	<u>562,291</u>	<u>538,123</u>

These financial statements were approved by the directors on the 26 October 01, and are signed on their behalf by:



D N C BAIRD
Director

DUNCAN BAIRD PUBLISHERS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2000

	2000	1999
	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(27,696)	264,585
Interest received	10,515	4,264
Interest paid	(88,180)	(84,510)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(77,665)	(80,246)
TAXATION	(4,189)	(1,119)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(30,204)	(40,290)
Receipts from sale of fixed assets	-	2,336
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(30,204)	(37,954)
ACQUISITIONS AND DISPOSALS		
CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(139,754)	145,266
FINANCING		
Net outflow from other long-term creditors	(55,000)	(55,000)
NET CASH OUTFLOW FROM FINANCING	(55,000)	(55,000)
(DECREASE)/INCREASE IN CASH	(194,754)	90,266

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Operating profit	106,022	97,864
Amortisation	5,492	15,358
Depreciation	29,430	55,201
(Increase)/Decrease in stocks	(220,690)	136,146
Increase in debtors	(450,864)	(226,532)
Increase in creditors	502,914	186,548
Net cash (outflow)/inflow from operating activities	(27,696)	264,585

DUNCAN BAIRD PUBLISHERS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2000

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000		1999
	£	£	£
(Decrease)/Increase in cash in the period	(194,754)		90,266
Net cash outflow from other long-term creditors	<u>55,000</u>		<u>55,000</u>
	(139,754)		145,266
Change in net debt	(139,754)		145,266
Net debt at 1 January 2000	(21,729)		(166,995)
Net debt at 31 December 2000	<u>(161,483)</u>		<u>(21,729)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2000	Cash flows	At 31 Dec 2000
	£	£	£
Net cash:			
Cash in hand and at bank	302,179	(232,716)	69,463
Overdrafts	<u>(172,658)</u>	<u>37,962</u>	<u>(134,696)</u>
	129,521	<u>(194,754)</u>	<u>(65,233)</u>
Debt:			
Debt due after 1 year	<u>(151,250)</u>	<u>55,000</u>	<u>(96,250)</u>
Net debt	<u>(21,729)</u>	<u>(139,754)</u>	<u>(161,483)</u>

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents the invoiced amounts of goods sold and services provided net of VAT.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Amortisation - 33.3% on a straight line basis

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property - 20% on a straight line basis
Fixtures & Fittings - 25% on reducing balance basis

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Foreign currencies

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

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)***2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2000	1999
	£	£
United Kingdom	1,157,877	576,940
Rest of Europe	1,791,688	2,671,432
North America	1,732,603	1,161,461
Rest of World	337,583	138,464
	<u>5,019,751</u>	<u>4,548,297</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£	£
Amortisation	5,492	15,358
Depreciation	29,430	55,201
Auditors' remuneration		
- as auditors	9,600	9,600
Operating lease costs:		
Land and buildings	92,023	93,578
Net loss on foreign currency translation	<u>20,369</u>	<u>12,298</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Number of production staff	21	27
Number of distribution staff	3	4
Number of administrative staff	6	4
	<u>30</u>	<u>35</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	791,859	854,809
Social security costs	74,120	75,001
Other pension costs	28,089	21,960
	<u>894,068</u>	<u>951,770</u>

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Emoluments receivable	265,898	236,838
Value of company pension contributions to money purchase schemes	20,829	19,996
	<u>286,727</u>	<u>256,834</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>3</u>	<u>3</u>

The Conduit Mead Company Limited, a company of which N J Foster is a director, received £15,425 in respect of his services in the year (1999: 25,450)

6. LOSS ON DISPOSAL OF FIXED ASSETS

	2000	1999
	£	£
Loss on disposal of fixed assets	<u>-</u>	<u>(229)</u>

7. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest receivable	<u>10,515</u>	<u>4,264</u>

8. INTEREST PAYABLE

	2000	1999
	£	£
Interest payable on bank borrowing	21,405	7,344
Interest payable on other loans	66,775	77,166
	<u>88,180</u>	<u>84,510</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Corporation Tax	-	-
Irrecoverable Withholding Tax	4,189	1,119
	<u>4,189</u>	<u>1,119</u>

There is no corporation tax liability due to losses brought forward

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

10. INTANGIBLE FIXED ASSETS

	Copyrights £
COST	
At 1 January 2000 and 31 December 2000	<u>60,523</u>
AMORTISATION	
At 1 January 2000	55,031
Charge for the year	<u>5,492</u>
At 31 December 2000	<u>60,523</u>
NET BOOK VALUE	
At 31 December 2000	-
At 31 December 1999	<u>5,492</u>

11. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures, Fittings and Equipment £	Total £
COST			
At 1 January 2000	64,670	219,554	284,224
Additions	<u>1,994</u>	<u>28,210</u>	<u>30,204</u>
At 31 December 2000	<u>66,664</u>	<u>247,764</u>	<u>314,428</u>
DEPRECIATION			
At 1 January 2000	55,395	132,645	188,040
Charge for the year	<u>4,081</u>	<u>25,349</u>	<u>29,430</u>
At 31 December 2000	<u>59,476</u>	<u>157,994</u>	<u>217,470</u>
NET BOOK VALUE			
At 31 December 2000	<u>7,188</u>	<u>89,770</u>	<u>96,958</u>
At 31 December 1999	<u>9,275</u>	<u>86,909</u>	<u>96,184</u>

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

12. INVESTMENTS

	£
COST	
At 1 January 2000 and 31 December 2000	<u>5,002</u>
AMOUNTS WRITTEN OFF	
Written off in year	<u>2</u>
At 31 December 2000	<u>2</u>
NET BOOK VALUE	
At 31 December 2000	<u>5,000</u>
At 31 December 1999	<u>5,002</u>

The cost of investments is made up of £2 in Siena Artworks Limited (see below) and £5,000 in an unlisted company incorporated in England and Wales. The investment in Siena Artworks Limited has been fully provided against.

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the company:				
Siena Artworks Limited	England	Ordinary shares	100%	Dormant

13. STOCKS

	2000 £	1999 £
Work in progress	932,295	915,597
Finished goods	363,389	159,397
	<u>1,295,684</u>	<u>1,074,994</u>

14. DEBTORS

	2000 £	1999 £
Trade debtors	1,748,213	1,366,449
Amounts owed by group undertakings	185	185
Other debtors	89,193	31,003
Prepayments and accrued income	103,657	92,747
	<u>1,941,248</u>	<u>1,490,384</u>

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

14. DEBTORS *(continued)*

The debtors above include the following amounts falling due after more than one year:

	2000	1999
	£	£
Other debtors	<u>24,302</u>	<u>19,200</u>

15. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	134,696	172,658
Trade creditors	1,973,747	1,189,157
Other creditors	235,886	247,165
Accruals and deferred income	405,483	675,880
	<u>2,749,812</u>	<u>2,284,860</u>

The bank overdraft is secured by a mortgage over the company's assets and by a floating charge over the credit balance on the company's UK based US dollar bank account.

16. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Other creditors	<u>96,250</u>	<u>151,250</u>

The Loan is secured by a fixed and floating charge over the company's assets subject that the charge described in note 15 shall rank in priority.

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2000	1999
	£	£
Operating leases which expire:		
Within 2 to 5 years	91,597	91,597
After more than 5 years	8,500	-
	<u>100,097</u>	<u>91,597</u>

18. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

19. SHARE CAPITAL**Authorised share capital:**

	2000 £	1999 £
1,500,000 Ordinary shares of £1.00 each	<u>1,500,000</u>	<u>1,500,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>784,056</u>	<u>784,056</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	24,168	16,270
Opening shareholders' equity funds	<u>538,123</u>	<u>521,853</u>
Closing shareholders' equity funds	<u>562,291</u>	<u>538,123</u>