

COMPANY REGISTRATION NUMBER 2650152

DUNCAN BAIRD PUBLISHERS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2005



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

DUNCAN BAIRD PUBLISHERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

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 THE 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 2005	At 1 January 2005
D N C Baird	271,649	271,649
D J Attwooll	3,000	3,000
J P Mitchell	120,332	120,332
R M Saxton	20,766	20,766
R J Walton	34,350	34,350
A W J Mitchell	45,825	45,825
A Mirken	-	-
R J Tring	390	390
A J Cory	385	385

N J Foster retired as a director on 18 January 2005.

DUNCAN BAIRD PUBLISHERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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 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.

AUDITOR

A resolution to re-appoint Arnold Hill & Co as auditor 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 27. October 2006

DUNCAN BAIRD PUBLISHERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUNCAN BAIRD PUBLISHERS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Duncan Baird Publishers Limited for the year ended 31 December 2005 on pages 5 to 18 which have been prepared on the basis of the accounting policies set out on page 10 to 11.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

DUNCAN BAIRD PUBLISHERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
DUNCAN BAIRD PUBLISHERS LIMITED (continued)**

YEAR ENDED 31 DECEMBER 2005

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.

Arnold Hill & Co

Arnold Hill & Co
Chartered Accountants & Registered Auditors
Craven House
16 Northumberland Avenue
London
WC2N 5AP

Date *30 October 2006*

DUNCAN BAIRD PUBLISHERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 (restated) £
TURNOVER	2	7,485,013	6,131,285
Cost of sales		<u>5,117,135</u>	<u>3,954,262</u>
GROSS PROFIT		2,367,878	2,177,023
Distribution costs		708,403	699,976
Administrative expenses		<u>1,670,193</u>	<u>1,308,746</u>
OPERATING (LOSS)/PROFIT	3	(10,718)	168,301
Interest receivable	6	3,734	2,904
Interest payable and similar charges	7	(119,252)	(74,425)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(126,236)</u>	<u>96,780</u>
Tax on (loss)/profit on ordinary activities	9	13,933	63,275
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(140,169)</u>	<u>33,505</u>
Balance brought forward		<u>(461,599)</u>	<u>(495,104)</u>
Balance carried forward		<u>(601,768)</u>	<u>(461,599)</u>

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

The notes on pages 10 to 18 form part of these financial statements.

DUNCAN BAIRD PUBLISHERS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND
LOSSES

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 (restated) £
(Loss)/profit for the financial year		(140,169)	33,505
Prior year adjustment		(128,786)	-
Total recognised (losses)/gains since last annual report		<u>(268,955)</u>	<u>33,505</u>

The notes on pages 10 to 18 form part of these financial statements.

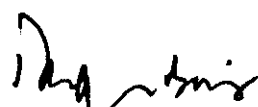
DUNCAN BAIRD PUBLISHERS LIMITED

BALANCE SHEET

31 DECEMBER 2005

		2005	2004 (restated)
	Note	£	£
FIXED ASSETS			
Tangible assets	10	122,054	82,135
Investments	11	1	1
		<u>122,055</u>	<u>82,136</u>
CURRENT ASSETS			
Stocks	12	2,402,233	2,350,210
Debtors	13	2,942,146	2,254,525
Cash at bank		218,285	337,461
		<u>5,562,664</u>	<u>4,942,196</u>
CREDITORS: Amounts falling due within one year	14	4,752,327	3,970,963
NET CURRENT ASSETS		<u>810,337</u>	<u>971,233</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>932,392</u>	<u>1,053,369</u>
CREDITORS: Amounts falling due after more than one year	15	—	27,223
		<u>932,392</u>	<u>1,026,146</u>
PROVISIONS FOR LIABILITIES	16	46,415	—
		<u>885,977</u>	<u>1,026,146</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	784,056	784,056
Share premium account	20	703,689	703,689
Profit and loss account		(601,768)	(461,599)
SHAREHOLDERS' FUNDS	21	<u>885,977</u>	<u>1,026,146</u>

These financial statements were approved by the directors on the 27 October 2006 and are signed on their behalf by:



D N C BAIRD
Director

The notes on pages 10 to 18 form part of these financial statements.

DUNCAN BAIRD PUBLISHERS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2005

	2005	2004 (restated)
	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17,359	(43,606)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,734	2,904
Interest paid	<u>(119,252)</u>	<u>(74,425)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(115,518)	(71,521)
TAXATION	(13,933)	(5,275)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	<u>(79,827)</u>	<u>(45,800)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(79,827)	(45,800)
CASH OUTFLOW BEFORE FINANCING	(191,919)	(166,202)
FINANCING		
(Repayment of)/increase in bank loans	<u>(28,293)</u>	<u>13,356</u>
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(28,293)	13,356
DECREASE IN CASH	<u>(220,212)</u>	<u>(152,846)</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2005	2004
	£	£
Operating profit/(loss)	(10,718)	168,301
Depreciation	39,908	27,184
Increase in stocks	(52,023)	(301,251)
Increase in debtors	(687,621)	(293,592)
Increase in creditors	681,398	355,752
Increase in provisions	46,415	—
Net cash inflow/(outflow) from operating activities	<u>17,359</u>	<u>(43,606)</u>

The notes on pages 10 to 18 form part of these financial statements.

DUNCAN BAIRD PUBLISHERS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2005

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005	2004 (restated)
	£	£
Decrease in cash in the period	(220,212)	(152,846)
Net cash outflow from/(inflow) from bank loans	<u>28,293</u>	(13,356)
	(191,919)	(166,202)
Change in net debt	(191,919)	(166,202)
Net debt at 1 January 2005	(482,344)	(316,142)
Net debt at 31 December 2005	<u>(674,263)</u>	<u>(482,344)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Cash in hand and at bank	337,461	(119,176)	218,285
Overdrafts	(759,246)	(101,036)	(860,282)
	<u>(421,785)</u>	<u>(220,212)</u>	<u>(641,997)</u>
Debt:			
Debt due within 1 year	(33,336)	1,070	(32,266)
Debt due after 1 year	(27,223)	27,223	—
	<u>(60,559)</u>	<u>28,293</u>	<u>(32,266)</u>
Net debt	<u>(482,344)</u>	<u>(191,919)</u>	<u>(674,263)</u>

The notes on pages 10 to 18 form part of these financial statements.

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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 amounts receivable for goods and services provided net of VAT. Turnover is recognised as the amount of invoiced goods and services sold, except for book sales, where turnover is recognised upon the delivery of the books.

Fixed assets

All fixed assets are initially recorded at cost.

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	- 10% on a straight line basis
Fixtures & Fittings	- 25% on reducing balance basis
Computers	- 33.3% on a straight line basis
Motor Vehicles	- 33.3% on a straight line 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 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.

This accounting policy has been changed during the financial year. The basis for this change and its financial effect on the current and prior years is explained in note 8 to the accounts.

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES (Continued)

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.

Deferred taxation

Deferred taxation is provided for in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax.

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.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2005	2004 (restated)
	£	£
United Kingdom	1,575,381	1,456,830
Rest of Europe	2,628,080	2,073,563
North America	2,369,358	1,720,340
Rest of World	912,194	880,552
	<u>7,485,013</u>	<u>6,131,285</u>

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005	2004 (restated)
	£	£
Depreciation of owned fixed assets	39,908	27,184
Auditor's remuneration		
- as auditor	7,900	8,000
Operating lease costs:		
Land and buildings	94,850	106,250
Net loss/(profit) on foreign currency translation	<u>152,815</u>	<u>(100,736)</u>

4. PARTICULARS OF EMPLOYEES

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

	2005	2004 (restated)
	No	No
Production staff	23	24
Distribution staff	7	5
Administrative staff	4	4
	<u>34</u>	<u>33</u>

The aggregate payroll costs of the above were:

	2005	2004 (restated)
	£	£
Wages and salaries	1,130,488	1,079,652
Social security costs	112,927	105,112
Other pension costs	42,328	39,199
	<u>1,285,743</u>	<u>1,223,963</u>

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

5. DIRECTORS' EMOLUMENTS

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

	2005	2004 (restated)
	£	£
Emoluments receivable	356,599	346,500
Value of company pension contributions to money purchase schemes	28,538	28,088
	<u>385,137</u>	<u>374,588</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>6</u>	<u>6</u>

6. INTEREST RECEIVABLE

	2005	2004 (restated)
	£	£
Bank interest receivable	<u>3,734</u>	<u>2,904</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004 (restated)
	£	£
Interest payable on bank borrowing	67,252	36,204
Other similar charges payable	52,000	38,221
	<u>119,252</u>	<u>74,425</u>

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

8. PRIOR YEAR ADJUSTMENT

CHANGE IN ACCOUNTING POLICY

During the financial year the company changed its accounting policy in respect of work in progress.

The company previously attributed overheads to work in progress, whereas now it recognises these overheads as revenue items which are expensed through the profit and loss account as and when the company becomes liable for them.

The effect of the change in accounting policy is to reduce the closing work in progress and the profit of the prior year by £128,768, and to reduce the closing work in progress and increase the loss of the current year by £123,693.

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005 £	2004 (restated) £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	-	(2,492)
Irrecoverable Withholding Tax	13,933	7,767
Total current tax	13,933	5,275
Deferred tax:		
Origination and reversal of timing differences	-	58,000
Tax on (loss)/profit on ordinary activities	13,933	63,275

There is no corporation tax liability due to losses brought forward

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2005 - 19%).

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	(126,236)	96,780
Tax on profits at 19%	-	18,388
Accelerated capital allowances	(6,122)	(7,607)
Disallowed Expenses	13,118	3,249
Utilising of trading losses brought forward	(6,996)	(14,030)
Irrecoverable Withholding tax	13,933	7,767
Over charge in previous years	-	(2,492)
Total current tax (note 8(a))	13,933	5,275

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
COST				
At 1 January 2005	16,707	315,602	16,201	348,510
Additions	63,320	16,507	—	79,827
At 31 December 2005	<u>80,027</u>	<u>332,109</u>	<u>16,201</u>	<u>428,337</u>
DEPRECIATION				
At 1 January 2005	—	254,224	12,151	266,375
Charge for the year	14,261	21,597	4,050	39,908
At 31 December 2005	<u>14,261</u>	<u>275,821</u>	<u>16,201</u>	<u>306,283</u>
NET BOOK VALUE				
At 31 December 2005	<u>65,766</u>	<u>56,288</u>	<u>—</u>	<u>122,054</u>
At 31 December 2004	<u>16,707</u>	<u>61,378</u>	<u>4,050</u>	<u>82,135</u>

11. INVESTMENTS

	£
COST	
At 1 January 2005 and 31 December 2005	<u>5,002</u>
AMOUNTS WRITTEN OFF	
At 1 January 2005 and 31 December 2005	<u>5,001</u>
NET BOOK VALUE	
At 31 December 2005	<u>1</u>
At 31 December 2004	<u>1</u>

The cost of investments includes £2 in Siena Artworks Limited, a dormant subsidiary that has been fully provided against.

12. STOCKS

	2005 £	2004 £
Work in progress	1,976,884	2,015,258
Prior year adjustment	—	(128,786)
Change in accounting policy	(123,693)	—
	<u>1,853,191</u>	<u>1,886,472</u>
Finished goods	549,042	463,738
Stock at 31 December 2005	<u>2,402,233</u>	<u>2,350,210</u>

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

13. DEBTORS

	2005	2004 (restated)
	£	£
Trade debtors	2,705,461	1,918,877
Amounts owed by group undertakings	1,866	1,866
Other debtors	31,637	135,930
Prepayments and accrued income	203,182	197,852
	<u>2,942,146</u>	<u>2,254,525</u>

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

	2005	2004 (restated)
	£	£
Other debtors	<u>13,602</u>	<u>32,802</u>

14. CREDITORS: Amounts falling due within one year

	2005	2004 (restated)
	£	£
Bank loans and overdrafts	892,548	792,582
Trade creditors	2,905,650	2,144,985
Other creditors	117,821	179,316
	<u>3,916,019</u>	<u>3,116,883</u>
Accruals and deferred income	836,308	854,080
	<u>4,752,327</u>	<u>3,970,963</u>

The bank loans and overdraft are secured by a debenture dated 20th May 2003, over the whole of the company's assets.

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

	2005	2004 (restated)
	£	£
Bank loans and overdrafts	<u>—</u>	<u>27,223</u>

Included within other creditors is a loan secured by a fixed and floating charge over the company's assets, subject to the charge described in note 14 which shall rank in priority.

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

16. PROVISIONS FOR LIABILITIES

	2005 £
Provisions recognised in 2005:	
Patent infringement	16,820
Lease reinstatement costs	29,595
	<u>46,415</u>

A provision of £16,820 has been recognised for accidental infringement of a patent. This liability is not subject to revision and is expected to be settled in November 2006.

£50,000 of reinstatement costs are expected to be incurred on a property lease held by the company which ends in 2014. A provision reflecting existing information, at current prices, which has been discounted using a real discount rate of 6% has therefore been recognised in these financial statements.

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2005	2004 (restated)
	£	£
Operating leases which expire:		
Within 2 to 5 years	17,000	17,000
After more than 5 years	84,813	84,774
	<u>101,813</u>	<u>101,774</u>

18. CONTROL

The company does not have an individual controlling party but is under the control of its board of directors.

DUNCAN BAIRD PUBLISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

19. SHARE CAPITAL

Authorised share capital:

	2005	2004 (restated)
	£	£
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

Allotted, called up and fully paid:

	2005		2004 restated	
	No	£	No	£
Ordinary shares of £1 each	<u>784,056</u>	<u>784,056</u>	<u>784,056</u>	<u>784,056</u>
Equity shares				
Ordinary shares of £1 each	<u>784,056</u>	<u>784,056</u>	<u>784,056</u>	<u>784,056</u>

20. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004 (restated)
	£	£
(Loss)/Profit for the financial year	<u>(140,169)</u>	33,505
Opening shareholders' funds (originally £1,154,932 before deducting prior year adjustment of £128,786)	<u>1,026,146</u>	<u>992,641</u>
Closing shareholders' funds	<u>885,977</u>	<u>1,026,146</u>