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DUNCAN BAIRD PUBLISHERS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2001

Company Registration Number 2650152

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 2001

The directors present their report and the financial statements of the company for the year ended 31 December 2001.

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 2001	At 1 January 2001
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 2001

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

A handwritten signature in black ink, appearing to read 'D N C Baird', written in a cursive style.

D N C BAIRD
Director

Approved by the directors on 9 May 2002

DUNCAN BAIRD PUBLISHERS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 2001

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 2001 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

9 May 2002



ARNOLD HILL & CO
Chartered Accountants
& Registered Auditors

DUNCAN BAIRD PUBLISHERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
TURNOVER	2	5,011,621	5,019,751
Cost of sales		<u>3,628,358</u>	<u>3,953,893</u>
GROSS PROFIT		1,383,263	1,065,858
Distribution costs		332,454	232,041
Administrative expenses		<u>873,804</u>	<u>727,795</u>
OPERATING PROFIT	3	177,005	106,022
Interest receivable	6	2,349	10,515
Interest payable	7	<u>(100,040)</u>	<u>(88,180)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		79,314	28,357
Tax on profit on ordinary activities	8	<u>(4,589)</u>	<u>(4,189)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		74,725	24,168
Balance brought forward		<u>(925,454)</u>	<u>(949,622)</u>
Balance carried forward		<u><u>(850,729)</u></u>	<u><u>(925,454)</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 2001**

	Note	2001		2000	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9	-	-	-	-
Tangible assets	10	79,063		96,958	
Investments	11	5,000		5,000	
		<u>84,063</u>		<u>101,958</u>	
CURRENT ASSETS					
Stocks	12	1,471,936		1,295,684	
Debtors	13	1,510,305		1,941,248	
Cash at bank		137,610		69,463	
		<u>3,119,851</u>		<u>3,306,395</u>	
CREDITORS: Amounts falling due within one year	14	<u>(2,525,648)</u>		<u>(2,749,812)</u>	
NET CURRENT ASSETS			594,203		556,583
TOTAL ASSETS LESS CURRENT LIABILITIES			678,266		658,541
CREDITORS: Amounts falling due after more than one year	15		(41,250)		(96,250)
			<u>637,016</u>		<u>562,291</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18	784,056		784,056	
Share premium account		703,689		703,689	
Profit and Loss Account		(850,729)		(925,454)	
SHAREHOLDERS' FUNDS	19	<u>637,016</u>		<u>562,291</u>	

These financial statements were approved by the directors on the 9 May 2002 and are signed on their behalf by:



D N C BAIRD
Director

DUNCAN BAIRD PUBLISHERS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2001**

	2001		2000	
	£	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		243,016		(27,696)
Interest received	2,349		10,515	
Interest paid	(100,040)		(88,180)	
	<hr/>		<hr/>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(97,691)		(77,665)
TAXATION		(4,589)		(4,189)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(12,917)		(30,204)	
	<hr/>		<hr/>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(12,917)		(30,204)
ACQUISITIONS AND DISPOSALS				
		<hr/>		<hr/>
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		127,819		(139,754)
FINANCING				
Net outflow from other long-term creditors	(55,000)		(55,000)	
	<hr/>		<hr/>	
NET CASH OUTFLOW FROM FINANCING		(55,000)		(55,000)
		<hr/>		<hr/>
INCREASE/(DECREASE) IN CASH		72,819		(194,754)
		<hr/>		<hr/>

DUNCAN BAIRD PUBLISHERS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2001

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	£	£
Operating profit	177,005	106,022
Amortisation	-	5,492
Depreciation	30,812	29,430
Increase in stocks	(176,252)	(220,690)
Decrease/(Increase) in debtors	430,943	(450,864)
(Decrease)/Increase in creditors	(219,492)	502,914
Net cash inflow/(outflow) from operating activities	<u>243,016</u>	<u>(27,696)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001	2000
	£	£
Increase/(Decrease) in cash in the period	72,819	(194,754)
Net cash outflow from other long-term creditors	<u>55,000</u>	<u>55,000</u>
	127,819	(139,754)
Change in net debt	127,819	(139,754)
Net debt at 1 January 2001	<u>(161,483)</u>	<u>(21,729)</u>
Net debt at 31 December 2001	<u>(33,664)</u>	<u>(161,483)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2001	Cash flows	At 31 Dec 2001
	£	£	£
Net cash:			
Cash in hand and at bank	69,463	68,147	137,610
Overdrafts	(134,696)	4,672	(130,024)
	<u>(65,233)</u>	<u>72,819</u>	<u>7,586</u>
Debt:			
Debt due after 1 year	<u>(96,250)</u>	<u>55,000</u>	<u>(41,250)</u>
Net debt	<u>(161,483)</u>	<u>127,819</u>	<u>(33,664)</u>

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

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 2001

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:

	2001	2000
	£	£
United Kingdom	1,284,455	1,157,877
Rest of Europe	1,229,439	1,791,688
North America	2,163,591	1,732,603
Rest of World	334,136	337,583
	<u>5,011,621</u>	<u>5,019,751</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2001	2000
	£	£
Amortisation	-	5,492
Depreciation	30,812	29,430
Auditors' remuneration		
- as auditors	9,271	9,600
Operating lease costs:		
Land and buildings	(317,920)	(369,005)
Net loss on foreign currency translation	<u>31,416</u>	<u>20,369</u>

4. PARTICULARS OF EMPLOYEES

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

	2001	2000
	No.	No.
Number of production staff	22	21
Number of distribution staff	4	3
Number of administrative staff	4	6
	<u>30</u>	<u>30</u>

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	862,295	791,859
Social security costs	79,182	74,120
Other pension costs	32,070	28,089
	<u>973,547</u>	<u>894,068</u>

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

5. DIRECTORS' EMOLUMENTS

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

	2001	2000
	£	£
Emoluments receivable	238,932	265,898
Value of company pension contributions to money purchase schemes	16,500	20,829
	<u>255,432</u>	<u>286,727</u>

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

	2001	2000
	No.	No.
Money purchase schemes	<u>4</u>	<u>3</u>

The Conduit Mead Company Limited, a company of which N J Foster is a director, received £10,925 in respect of his services in the year (2000: £15,425)

6. INTEREST RECEIVABLE

	2001	2000
	£	£
Bank interest receivable	<u>2,349</u>	<u>10,515</u>

7. INTEREST PAYABLE

	2001	2000
	£	£
Interest payable on bank borrowing	16,509	21,405
Other interest payable	83,531	66,775
	<u>100,040</u>	<u>88,180</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Corporation Tax	-	-
Irrecoverable Withholding Tax	4,589	4,189
	<u>4,589</u>	<u>4,189</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 2001****9. INTANGIBLE FIXED ASSETS**

	Copyrights £
COST	
At 1 January 2001 and 31 December 2001	<u>60,523</u>
AMORTISATION	
At 1 January 2001	<u>60,523</u>
At 31 December 2001	<u>60,523</u>
NET BOOK VALUE	
At 31 December 2001	<u>-</u>

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures, Fittings and Equipment £	Total £
COST			
At 1 January 2001	66,664	247,762	314,426
Additions	-	12,917	12,917
At 31 December 2001	<u>66,664</u>	<u>260,679</u>	<u>327,343</u>
DEPRECIATION			
At 1 January 2001	59,476	157,992	217,468
Charge for the year	2,423	28,389	30,812
At 31 December 2001	<u>61,899</u>	<u>186,381</u>	<u>248,280</u>
NET BOOK VALUE			
At 31 December 2001	<u>4,765</u>	<u>74,298</u>	<u>79,063</u>
At 31 December 2000	<u>7,188</u>	<u>89,770</u>	<u>96,958</u>

11. INVESTMENTS

	£
COST	
At 1 January 2001 and 31 December 2001	<u>5,002</u>
AMOUNTS WRITTEN OFF	
At 1 January 2001 and 31 December 2001	<u>2</u>
NET BOOK VALUE	
At 31 December 2001	<u>5,000</u>
At 31 December 2000	<u>5,000</u>

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

11. INVESTMENTS *(continued)*

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 holding in the unlisted company is 5 ordinary B class shares, which is 25% of the issued share capital of ordinary B class shares. 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

12. STOCKS

	2001 £	2000 £
Work in progress	1,179,152	932,295
Finished goods	292,784	363,389
	<u>1,471,936</u>	<u>1,295,684</u>

13. DEBTORS

	2001 £	2000 £
Trade debtors	1,336,238	1,748,213
Amounts owed by group undertakings	185	185
Other debtors	33,001	89,193
Prepayments and accrued income	140,881	103,657
	<u>1,510,305</u>	<u>1,941,248</u>

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

	2001 £	2000 £
Other debtors	<u>24,302</u>	<u>24,302</u>

DUNCAN BAIRD PUBLISHERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

14. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Bank loans and overdrafts	130,024	134,696
Trade creditors	1,605,302	1,973,747
Other creditors	148,710	235,886
Accruals and deferred income	641,612	405,483
	<u>2,525,648</u>	<u>2,749,812</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.

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

	2001	2000
	£	£
Other creditors	41,250	96,250
	<u>41,250</u>	<u>96,250</u>

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

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2001 the company had annual commitments under non-cancelable operating leases as set out below.

	Land & Buildings	
	2001	2000
	£	£
Operating leases which expire:		
Within 2 to 5 years	91,597	91,597
After more than 5 years	8,500	8,500
	<u>100,097</u>	<u>100,097</u>

17. 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 2001

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

	2001	2000
	£	£
1,500,000 Ordinary shares of £1.00 each	1,500,000	1,500,000

Allotted, called up and fully paid:

	2001	2000
	£	£
Ordinary share capital	784,056	784,056

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	74,725	24,168
Opening shareholders' equity funds	562,291	538,123
Closing shareholders' equity funds	637,016	562,291