

SIENA ARTWORKS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2008

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SIENA ARTWORKS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The company's principle activity throughout the current and previous year has been the packaging of book titles.

DIRECTORS

The directors who served the company during the year were as follows:

A J C Baird
R J Walton
D N C Baird

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the current and previous financial years, the company was controlled by the Board of Directors of its parent company, Duncan Baird Publishers Limited. On 31 August 2009 a restructuring of Duncan Baird Publishers Limited was completed with Imago Holdings Limited becoming the controlling shareholder [see note 7]. The company is subject to general financial risk including liquidity risk, cash flow risk and credit risk. The controlling party of the company has established objectives and policies for managing these financial risks and these are reviewed regularly. Examples of methods used to mitigate these risks include the maintenance of ongoing cash flows, appraisal of clients' creditworthiness and adequate provisions for bad debts and overstocks.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- 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 that 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 1985. 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SIENA ARTWORKS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

AUDITOR

Arnold Hill & Co are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



D N C BAIRD
Director

Approved by the directors on 21. October 2009

SIENA ARTWORKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIENA ARTWORKS LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Siena Artworks Limited for the year ended 31 December 2008, which have been prepared on the basis of the accounting policies set out on page 7.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

SIENA ARTWORKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIENA ARTWORKS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2008

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 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Arnold Hill & Co

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

Date: *22/10/09*

SIENA ARTWORKS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER		6,364	25,628
Cost of sales		<u>6,116</u>	<u>7,610</u>
GROSS PROFIT		248	18,018
Administrative expenses		<u>1,725</u>	<u>1,763</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,477)	16,255
Tax on (loss)/profit on ordinary activities	2	—	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,477)	16,255
Balance brought forward		<u>18,664</u>	<u>2,409</u>
Balance carried forward		<u>17,187</u>	<u>18,664</u>

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

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

The notes on pages 7 to 9 form part of these financial statements.

SIENA ARTWORKS LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	£	2007 £
CURRENT ASSETS				
Stocks		—		2,557
Debtors	3	19,456		23,392
		<u>19,456</u>		<u>25,949</u>
CREDITORS: Amounts falling due within one year	4	<u>2,267</u>		<u>7,283</u>
NET CURRENT ASSETS			<u>17,189</u>	<u>18,666</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,189</u>	<u>18,666</u>
CAPITAL AND RESERVES				
Called-up equity share capital	5		2	2
Profit and loss account			<u>17,187</u>	<u>18,664</u>
SHAREHOLDERS' FUNDS	6		<u>17,189</u>	<u>18,666</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors and authorised for issue on 24.01.2009, and are signed on their behalf by:


D N C BAIRD

The notes on pages 7 to 9 form part of these financial statements.

SIENA ARTWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover in the profit and loss account represents the amounts earned on projects, recognised on a project by project basis as and when separately identifiable elements of that project have been completed.

Stocks

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

Work in progress

Work in progress, on a project by project basis, represents the difference between the actual costs incurred by the company and the estimated costs that the company has recognised in relation to these projects. Where the estimated costs, on a project by project basis, are in excess of the actual costs incurred by the company, a liability is recognised for the difference.

2. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	31 Dec 08 £	31 Dec 07 £
Current tax:		
UK Corporation tax based on the results for the year at an average rate of 20.75% (2007: 19.75%)	-	-
Total current tax	-	-

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is less than the average standard rate of corporation tax in the UK for the year of 20.75% (2007: 19.75%).

	31 Dec 08 £	31 Dec 07 £
(Loss) / profit on ordinary activities before taxation	(1,477)	16,255
(Loss) / profit on ordinary activities by rate of tax	(306)	3,210
Utilisation of tax losses brought forward	-	(3,210)
Increase in tax losses carried forward	306	-
Total current tax (note 2(a))	-	-

SIENA ARTWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3. DEBTORS

	2008	2007
	£	£
Trade debtors	–	285
Amounts owed by group undertakings	19,456	23,107
	<u>19,456</u>	<u>23,392</u>

4. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	–	4,978
Other creditors	2,267	2,305
	<u>2,267</u>	<u>7,283</u>

5. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2008		2007
	No	£	No
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
(Loss)/Profit for the financial year	(1,477)	16,255
Opening shareholders' funds	18,666	2,411
Closing shareholders' funds	<u>17,189</u>	<u>18,666</u>

7. ULTIMATE CONTROLLING PARTY

Duncan Baird Publishers Limited, a company registered in England and Wales, was the ultimate parent company of Siena Artworks Limited throughout the current and previous financial years during which time it did not have an individual controlling party but was under the control of its board of directors.

On 31 August 2009 a restructuring of the ownership of Duncan Baird Publishers Limited was completed. Under the terms of the restructuring three new classes of share capital were created, resulting in 2,993,165 A ordinary shares of £0.20 each, 321,124 B non-voting ordinary shares of £0.01 each and 745,298 C ordinary shares of £1 each being in issue. Imago Holdings Limited acquired 2,247,867 A ordinary shares of £0.20 each for a total investment of £500,000, being

SIENA ARTWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

7. ULTIMATE CONTROLLING PARTY *(continued)*

made up of £200,000 in cash and £300,000 in consideration for a reduction in the balance owed by Duncan Baird Publishers Limited to Imago Publishing Limited. Other than 38,758 shares held by Imago Holdings Limited prior to the restructuring, which were reclassified as A shares, the 745,298 C ordinary shares of £1 represents the ordinary share capital that was held prior to the restructuring of Duncan Baird Publishers Limited which were reclassified as part of the restructuring.

The rights and obligations of the three new classes of ordinary share capital are set out in the Articles of Association of Duncan Baird Publishers Limited which were adopted on 31 August 2009.

As a result of their acquisition of 2,247,867 A ordinary shares of £0.20 each on 31 August 2009, Imago Holdings Limited has become the controlling shareholder of Duncan Baird Publishers Limited as it owns 75.1% of Duncan Baird Publishers Limited's issued ordinary share capital. Duncan Baird Publishers Limited, in addition to selling Imago Holdings Limited 2,247,867 A ordinary shares during the restructuring as is detailed above, also converted £1,500,000 of trade creditor liabilities owed to Imago Publishing Limited into long term variable rate secured loan notes.

8. RELATED PARTY TRANSACTIONS

As at 31 December 2008 the company was owed £19,456 (2007: £23,107) by its ultimate parent company, Duncan Baird Publishers Limited.