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**SIENA ARTWORKS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2009**



SIENA ARTWORKS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The company's principle activity is 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 whole of the previous year and the current year up until 31 August 2009, 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 9). 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 Directors' 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). 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 those 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 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.

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 2009

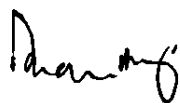
AUDITOR

Arnold Hill are deemed to be reappointed under Section 487(2) of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors



D N C BAIRD
Director

Approved by the directors on 19 July 2010

SIENA ARTWORKS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SIENA ARTWORKS LIMITED
YEAR ENDED 31 DECEMBER 2009

We have audited the financial statements of Siena Artworks Limited for the year ended 31 December 2009. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SIENA ARTWORKS LIMITED

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

YEAR ENDED 31 DECEMBER 2009

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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
- the directors are not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Justin Moore BSC ACA (Senior Statutory Auditor)

For and on behalf of
ARNOLD HILL & CO
Chartered Accountants & Statutory Auditor
Craven House
16 Northumberland Avenue
London
WC2N 5AP

Date *21 July 2010*

SIENA ARTWORKS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
TURNOVER		—	6,364
Cost of sales		<u>1,599</u>	<u>6,116</u>
GROSS (LOSS)/PROFIT		(1,599)	248
Administrative expenses		<u>2,636</u>	<u>1,725</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,235)	(1,477)
Tax on loss on ordinary activities	3	—	—
LOSS FOR THE FINANCIAL YEAR		(4,235)	(1,477)
Balance brought forward		<u>17,187</u>	<u>18,664</u>
Balance carried forward		<u>12,952</u>	<u>17,187</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

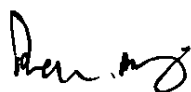
BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
CURRENT ASSETS			
Stocks		3,686	—
Debtors	4	14,170	19,456
		<u>17,856</u>	<u>19,456</u>
CREDITORS: Amounts falling due within one year	5	<u>4,902</u>	<u>2,267</u>
NET CURRENT ASSETS		<u>12,954</u>	<u>17,189</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,954</u>	<u>17,189</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	2	2
Profit and loss account		<u>12,952</u>	<u>17,187</u>
SHAREHOLDERS' FUNDS	8	<u>12,954</u>	<u>17,189</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 14. July 2010, and are signed on their behalf by



D N C BAIRD
Director

[Company registration number 02744978]

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 2009

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. OPERATING LOSS

Operating loss is stated after charging

	2009	2008
	£	£
Auditor's fees	<u>1,763</u>	<u>1,725</u>

SIENA ARTWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	2009	2008
	£	£
Current tax		
UK Corporation tax based on the results for the year at an average rate of 21% (2008 20 75%)	-	-
Total current tax	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2008 – 20 75%)

	2009	2008
	£	£
Loss on ordinary activities before taxation	<u>(4,235)</u>	<u>(1,477)</u>
Loss on ordinary activities by rate of tax	(889)	(306)
Increase in tax losses carried forward	889	306
Total current tax	<u>-</u>	<u>-</u>

4. DEBTORS

	2009	2008
	£	£
Amounts owed by group undertakings	<u>14,170</u>	<u>19,456</u>

5. CREDITORS: Amounts falling due within one year

	2009	2008
	£	£
Other creditors	<u>4,902</u>	<u>2,267</u>

6 RELATED PARTY TRANSACTIONS

As at 31 December 2009 the company was owed £14,170 (2008 £19,456) by its parent company, Duncan Baird Publishers Limited

SIENA ARTWORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

7. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid.

	2009		2008
	No	£	No
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the financial year	(4,235)	(1,477)
Opening shareholders' funds	<u>17,189</u>	<u>18,666</u>
Closing shareholders' funds	<u>12,954</u>	<u>17,189</u>

9. ULTIMATE CONTROLLING PARTY

Duncan Baird Publishers Limited, a company registered in England and Wales, was the ultimate parent company of Siena Artworks Limited up until 31 August 2009, 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 2,054,077 A ordinary shares of £0.20 each for a total investment of £500,000, being 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 2,054,077 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 2,247,867 A ordinary shares of £0.20 each, this representing 75.1% of Duncan Baird Publishers Limited's issued ordinary share capital. Duncan Baird Publishers Limited, in addition to selling Imago Holdings Limited 2,054,077 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.