

Company Registration Number 3481321

HAKLUYT & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2003



HAKLUYT & COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

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HAKLUYT & COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Sir William Purves
Christopher James
Michael Reynolds
Sir John Weston
Keith Craig
Lady Getty (appointed 1 September 2003)

Company Secretary

Susan Stafford

Registered Office

34 Upper Brook Street
LONDON
W1K 7QS

Auditors

Chiene & Tait, CA
Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Coutts & Co
440 Strand
LONDON
WC2R 0QS

Solicitors

Speechly Bircham
6 St Andrew Street
LONDON
EC4 3LX

HAKLUYT & COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2003

The directors present their report and the financial statements of the company for the year ended 30 June 2003.

Principal activities and business review

The principal activity of the company during the year was the research and supply of information for the use of commerce.

Despite a continuing backdrop of economic uncertainty worldwide, the company increased its profits over the year. Overheads were kept firmly under control and the company remains very well placed to take advantage of any upturn in demand. The company is already benefiting from more focused marketing, with encouraging sales growth in the last quarter and early indications for the new financial year.

Risk management

The Directors keep under constant review the major risks to which the company is exposed and are satisfied that a system of continuing assessment is in place to mitigate the exposure of such risks.

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 following dividends have been paid:

	2003 £	2002 £
Proposed dividends on ordinary shares	—	154,400
Dividends paid on ordinary shares	463,200	162,400
	<u>463,200</u>	<u>316,800</u>

The directors and their interests in shares of the company

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

	Ordinary Shares of £1 each	
	At 30 June 2003	At 1 July 2002 or later date of appointment
Sir William Purves	5,000	5,000
Christopher James	18,000	18,000
Michael Reynolds	15,000	15,000
Sir John Weston	400	400
Keith Craig	<u>4,500</u>	<u>1,000</u>

In addition to the above, Keith Craig has options to purchase 4,500 shares for a consideration of £58 per share. The option period for these shares is 28 February 2005 to 28 February 2010.

Lady Getty was appointed as a director on 1 September 2003. In addition, the late Sir Paul Getty served as a director of the company from 8 August 2002 to 17 April 2003.

HAKLUYT & COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2003

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 page 8, 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.

Donations

During the year the company made the following payments:

	2003 £	2002 £
Charitable	<u>7,560</u>	<u>7,400</u>

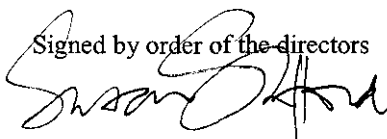
Purchase of own shares

At the request of a shareholder, 5,000 ordinary £1 shares were repurchased by the company during the year for a consideration of £495,000. These shares represent 6.1% of the issued share capital.

Auditors

A resolution to re-appoint Chiene & Tait, CA 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 by order of the directors



Susan Stafford

Company Secretary

Approved by the directors on

20th October 2003

HAKLUYT & COMPANY LIMITED



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 auditors' 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 the directors and the auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

Our responsibility is 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. Our responsibilities do not extend to any other information.

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 30 June 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Chiene & Tait CA

CHIENE & TAIT, CA

Registered Auditors

61 Dublin Street

Edinburgh EH3 6NL

20 October 2003

HAKLUYT & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2003

	Note	2003 £	2002 £
Turnover	2	5,830,603	6,062,558
Cost of sales		(1,347,105)	(1,612,910)
Gross profit		4,483,498	4,449,648
Administrative expenses		(3,171,909)	(3,562,260)
Operating profit	3	1,311,589	887,388
Interest receivable and similar income		59,017	129,391
Interest payable and similar charges	6	(17,936)	(12,500)
Profit on ordinary activities before taxation		1,352,670	1,004,279
Tax on profit on ordinary activities	7	(452,736)	(350,819)
Profit on ordinary activities after taxation		899,934	653,460
Dividends	8	(463,200)	(316,800)
Retained profit for the financial year		436,734	336,660

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 8 to 16 form part of these financial statements.

HAKLUYT & COMPANY LIMITED

BALANCE SHEET

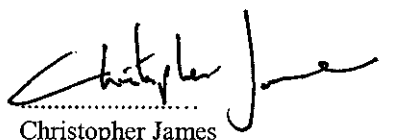
30 JUNE 2003

	Note	£	2003 £	2002 £
Fixed assets				
Tangible assets	9		1,892,447	1,895,241
Investments	10		76,747	19,247
			<u>1,969,194</u>	<u>1,914,488</u>
Current assets				
Stock	11	49,156		33,221
Debtors	12	1,201,248		1,632,787
Cash at bank and in hand		1,118,177		1,544,690
		<u>2,368,581</u>		<u>3,210,698</u>
Creditors: amounts falling due within one year	13	<u>1,342,529</u>		<u>2,078,326</u>
Net current assets			<u>1,026,052</u>	<u>1,132,372</u>
Total assets less current liabilities			<u>2,995,246</u>	<u>3,046,860</u>
Provisions for liabilities and charges				
Deferred taxation	15		13,054	6,402
			<u>2,982,192</u>	<u>3,040,458</u>
Capital and reserves				
Called-up equity share capital	18		77,200	82,200
Share premium account			798,400	798,400
Capital Redemption Reserve	19		5,000	—
Profit and Loss Account	20		2,101,592	2,159,858
Shareholders' funds	21		<u>2,982,192</u>	<u>3,040,458</u>

These financial statements were approved by the directors on the 20/10/2003 and are signed on their behalf by:



Sir William Purves



Christopher James

The notes on pages 8 to 16 form part of these financial statements.

HAKLUYT & COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2003

	Note	£	2003 £	2002 £
Net cash inflow from operating activities	22		1,968,672	560,658
Returns on investments and servicing of finance				
Interest received		53,319		129,391
Interest paid		(17,936)		(12,500)
Net cash inflow from returns on investments and servicing of finance			35,383	116,891
Taxation			(224,494)	(821,068)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(36,384)		(1,831,426)
Receipts from sale of fixed assets		410		250
Acquisition of Investments		(57,500)		(19,247)
Net cash outflow for capital expenditure and financial investment			(93,474)	(1,850,423)
Equity dividends paid			(617,600)	(162,400)
Cash inflow/(outflow) before financing			1,068,487	(2,156,342)
Financing				
Issue of equity share capital		—		1,000
Share premium on issue of equity share capital		—		42,000
Purchase of own equity shares		(5,000)		—
Premium on purchase of own equity shares		(490,000)		—
Repayment of bank loans		(1,000,000)		1,000,000
Net cash (outflow)/inflow from financing			(1,495,000)	1,043,000
Decrease in cash	23		(426,513)	(1,113,342)

The notes on pages 8 to 16 form part of these financial statements.

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of services less value added tax.

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 Improvements	- 10% Reducing balance
Office Equipment	- 25% Reducing balance
Furniture and Fittings	- 20% Reducing balance
Computer Equipment	- 33% Reducing balance

Depreciation is not charged on long leasehold property as the charge would be immaterial due to the length of the useful economic life of the property.

In accordance with Financial Reporting Standard 15 an impairment review under Financial Reporting Standard 11 is performed on this property. The results of this review showed that the recoverable amount is in excess of the carrying amount, and accordingly in the directors' opinion no impairment exists at 30 June 2003.

Work in progress

Work in progress is valued on the basis of the lower of direct costs and net realisable value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company contributes to two Group Personal Pension Schemes. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounting purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or where appropriate at the forward contract rate. For transactions in foreign currencies where no foreign currency bank account exists, these are recorded at the rate ruling at the date of the transaction.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

2. Turnover

Geographical Segments

The directors are of the opinion that disclosure of segmental information would be prejudicial to the company's interests, and consequently such information has not been disclosed.

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

3. Operating profit

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation	38,768	34,871
Profit on disposal of fixed assets	—	(11)
Auditors' remuneration		
- as auditors	5,500	5,500
- for other services	25,000	7,883
Net loss on foreign currency translation	<u>21,815</u>	<u>15,520</u>

4. Particulars of employees

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

	2003 No	2002 No
Number of administrative staff	8	8
Directors	5	5
	<u>13</u>	<u>13</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	1,684,293	1,756,956
Social security costs	189,988	200,589
Other pension costs	117,311	242,658
	<u>1,991,592</u>	<u>2,200,203</u>

5. Directors' emoluments

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

	2003 £	2002 £
Emoluments receivable	998,818	1,114,853
Value of company pension contributions to money purchase schemes	62,000	175,258
	<u>1,060,818</u>	<u>1,290,111</u>

Emoluments of highest paid director:

	2003 £	2002 £
Total emoluments (excluding pension contributions):	351,485	334,948
Value of company pension contributions to money purchase schemes	24,000	20,500
	<u>375,485</u>	<u>355,448</u>

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

5. Directors' emoluments (continued)

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

	2003 No	2002 No
Money purchase schemes	<u>3</u>	<u>4</u>

6. Interest payable and similar charges

	2003 £	2002 £
Interest payable on bank borrowing	17,840	12,500
Other similar charges payable	<u>96</u>	<u>-</u>
	<u>17,936</u>	<u>12,500</u>

7. Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	445,848	346,757
Under provision in prior year	<u>236</u>	<u>1,157</u>
Total current tax	446,084	347,914
Deferred tax:		
Increase in deferred tax provision	<u>6,652</u>	<u>2,905</u>
Tax on profit on ordinary activities	<u>452,736</u>	<u>350,819</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>1,352,670</u>	<u>1,004,279</u>
Profit on ordinary activities multiplied by full rate of UK corporation tax	405,801	301,284
Expenses not deductible for tax purposes	46,202	57,552
Capital allowances for period in excess of depreciation	(5,805)	(3,955)
Marginal relief	(350)	(8,124)
Adjustments to tax charge in respect of previous periods	<u>236</u>	<u>1,157</u>
Total current tax (note 7(a))	<u>446,084</u>	<u>347,914</u>

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

8. Dividends

The following dividends have been paid or proposed in respect of the year:

	2003 £	2002 £
Second interim dividend proposed of £2 per ordinary share	—	154,400
Interim Dividend paid of £2 per ordinary share	154,400	162,400
Second Interim Dividend paid of £4 per ordinary share	308,800	—
	<u>463,200</u>	<u>316,800</u>

9. Tangible fixed assets

	Long Leasehold Property & Leasehold Improvements £	Office Equipment £	Furniture & Fittings £	Computer Equipment £	Total £
Cost					
At 1 July 2002	1,776,327	26,828	83,628	105,823	1,992,606
Additions	1,140	7,466	8,351	19,427	36,384
Disposals	(58)	—	—	(408)	(466)
At 30 June 2003	<u>1,777,409</u>	<u>34,294</u>	<u>91,979</u>	<u>124,842</u>	<u>2,028,524</u>
Depreciation					
At 1 July 2002	—	16,598	29,090	51,677	97,365
Charge for the year	1,523	4,197	12,712	20,336	38,768
On disposals	—	—	—	(56)	(56)
At 30 June 2003	<u>1,523</u>	<u>20,795</u>	<u>41,802</u>	<u>71,957</u>	<u>136,077</u>
Net book value					
At 30 June 2003	<u>1,775,886</u>	<u>13,499</u>	<u>50,177</u>	<u>52,885</u>	<u>1,892,447</u>
At 30 June 2002	<u>1,776,327</u>	<u>10,230</u>	<u>54,538</u>	<u>54,146</u>	<u>1,895,241</u>

10. Investments

Hakluyt manuscripts and antique office furniture

	£
Cost	
At 1 July 2002	19,247
Additions	57,500
At 30 June 2003	<u>76,747</u>
Net book value	
At 30 June 2003	<u>76,747</u>
At 30 June 2002	<u>19,247</u>

The above investments represent Hakluyt manuscripts costing £19,247 and antique office furniture costing £57,500.

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

11. Stock

	2003 £	2002 £
Work in progress	<u>49,156</u>	<u>33,221</u>

12. Debtors

	2003 £	2002 £
Trade debtors	1,108,003	1,030,266
Other debtors	10,748	495,823
Prepayments and accrued income	82,497	106,698
	<u>1,201,248</u>	<u>1,632,787</u>

13. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	—	1,000,000
Trade creditors	214,778	216,697
Corporation tax	443,348	221,758
Other taxation and social security	163,079	148,702
Dividends payable	—	154,400
Other creditors	94,943	2,112
Accruals and deferred income	426,381	334,657
	<u>1,342,529</u>	<u>2,078,326</u>

14. Pensions

The company operates two defined contribution Group Personal Pension Plans. The pension cost charge represents contributions payable by the company and amounted to £117,311 (2002: £242,658). At 30 June 2003 no pension contributions were outstanding (2002: nil).

15. Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	6,402	3,497
Profit and loss account movement arising during the year	6,652	2,905
Provision carried forward	<u>13,054</u>	<u>6,402</u>

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

15. Deferred taxation *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	13,054	6,402
	<u>13,054</u>	<u>6,402</u>

16. Commitments under operating leases

At 30 June 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2003 £	2002 £
Operating leases which expire: After more than 5 years	<u>13,000</u>	<u>13,000</u>

The operating lease relates to ground rent for the Company's premises at 34 Upper Brook Street, London.

17. Related party transactions

During the year the company loaned an employee £9,000. Interest is charged of 3% per annum on the loan which is being repaid on a monthly basis. £6,250 was outstanding at the year end.

18. Share capital

Authorised share capital:

	2003 £	2002 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>77,200</u>	<u>77,200</u>	<u>82,200</u>	<u>82,200</u>

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

18. Share capital *(continued)*

The company has share option schemes under which options for 9,550 ordinary shares have been granted as follows:

	Option granted by the Board	Number of shares	Option price per share	Option period
Approved				
Ordinary £1 shares	31/01/01	1,000	£43	01/05/04-30/04/09
Ordinary £1 shares	24/01/02	300	£99	01/03/05-28/02/10
Ordinary £1 shares	22/04/03	1,724	£58	28/02/05-28/02/10
Ordinary £1 shares	22/04/03	475	£58	01/03/05-28/02/10
Ordinary £1 shares	22/04/03	3,275	£58	30/05/06-30/05/11
		<u>6,774</u>		
Unapproved				
Ordinary £1 shares	30/05/03	<u>2,776</u>	£58	28/02/05-28/02/10

19. Capital redemption reserve

	2003	2002
	£	£
Purchase of own shares	<u>5,000</u>	<u>—</u>

At the request of a shareholder, 5,000 ordinary £1 shares were repurchased by the company during the year for a consideration of £495,000. These shares represent 6.1% of the issued share capital.

20. Profit and loss account

	2003	2002
	£	£
Balance brought forward	2,159,858	1,823,198
Retained profit for the financial year	436,734	336,660
Purchase of own shares	(495,000)	—
Balance carried forward	<u>2,101,592</u>	<u>2,159,858</u>

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

21. Reconciliation of movements in shareholders' funds

	2003	2002
£	£	£
Profit for the financial year	899,934	653,460
Dividends	(463,200)	(316,800)
	<u>436,734</u>	<u>336,660</u>
New equity share capital subscribed	—	1,000
Premium on new share capital subscribed	—	42,000
	<u>—</u>	<u>43,000</u>
Purchase of own equity shares	(5,000)	—
Premium on purchase of own equity shares	(490,000)	—
	<u>(495,000)</u>	<u>—</u>
Net (reduction)/addition to funds	(58,266)	379,660
Opening shareholders' equity funds	3,040,458	2,660,798
Closing shareholders' equity funds	<u>2,982,192</u>	<u>3,040,458</u>

22. Reconciliation of operating profit to net cash inflow from operating activities

	2003	2002
£	£	£
Operating profit	1,311,589	887,388
Depreciation	38,768	34,871
Profit on disposal of fixed assets	—	(11)
Increase in stocks	(15,935)	(5,608)
Decrease/(increase) in debtors	437,237	(456,904)
Increase in creditors	197,013	100,922
	<u>1,968,672</u>	<u>560,658</u>
Net cash inflow from operating activities		

23. Reconciliation of net cash flow to movement in net funds

	2003	2002
£	£	£
Decrease in cash in the period	(426,513)	(1,113,342)
Net cash outflow from/(inflow) from bank loans	<u>1,000,000</u>	<u>(1,000,000)</u>
	<u>573,487</u>	<u>(2,113,342)</u>
Change in net funds	573,487	(2,113,342)
Net funds at 1 July 2002	544,690	2,658,032
Net funds at 30 June 2003	<u>1,118,177</u>	<u>544,690</u>

HAKLUYT & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

24. Analysis of changes in net funds

	At 1 Jul 2002 £	Cash flows £	At 30 Jun 2003 £
Net cash:			
Cash in hand and at bank	1,544,690	(426,513)	1,118,177
Debt:			
Debt due within 1 year	(1,000,000)	1,000,000	—
Net funds	<u>544,690</u>	<u>573,487</u>	<u>1,118,177</u>