

Vacher Dod Publishing Limited

**Directors' report and financial
statements**

Registered number 3570309

31 December 2002



Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members of Vacher Dod Publishing Limited	4
Profit and loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Business review

The results for the period are detailed on page 5. The operating loss for the year is £454,018 (2001: profit £87,595). The company ceased trade on 1 August 2002 at which date all the assets and liabilities of the business were transferred to Huveaux PLC.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2001: £20,000). The retained loss for the year of £454,018 (2001: profit £67,595) has been transferred to reserves.

Directors and directors' interests

The directors who held office during the period were as follows:

ER Peck	(resigned 7 October 2003)
AFS Cox	(resigned 1 August 2002)
AH S Kerswill	(resigned 1 August 2002)
JL Clarke	(appointed 1 August 2002)
JP Van Kuffeler	(appointed 1 August 2002)
CG Benn	(appointed 1 August 2002)
TJ Benn	(appointed 1 August 2002)
DB Horne	(appointed 19 January 2004)

The interests of all the directors who held office at the end of the financial period in the share capital of the company's ultimate parent undertaking, Huveaux PLC, are disclosed in the annual report of that company.

Director	Class of share or debenture	Interest at start of year	Redeemed/sacrificed
ER Peck	'C' ordinary £1 shares	2,870	(2,870)
	'D' ordinary £1 shares	178,363	(178,363)
AFS Cox	'A' ordinary £1 shares	273,306	(223,306)
	'C' ordinary £1 shares	12,311	(12,311)
AHS Kerswill	'B' ordinary £1 shares	156,581	(156,581)

Directors' report *(continued)*

Auditors

Callingham Crane resigned as auditors on 1 August 2002 and the directors thereupon appointed KPMG Audit Plc to fill the vacancy arising. A resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JP Van Kuffeler
Director

4 Grosvenor Place
London
SW1X 7DL

25th February
2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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8 Salisbury Square
London EC4Y 8BB

Independent auditors' report to the members of Vacher Dod Publishing Limited

We have audited the financial statements on pages 5 to 17.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

26 February 2004

Profit and loss account
for the year ended 31 December 2002

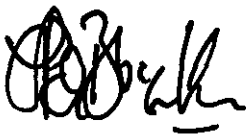
	Year ended 31 December 2002 £	Year ended 31 December 2001 (as restated) £
Turnover		
Continuing operations	-	1,365,128
Discontinuing operations	412,347	-
	<hr/> 412,347	<hr/> 1,365,128
Cost of sales	(527,718)	(336,254)
	<hr/> (115,371)	<hr/> 1,028,874
Gross (loss)/profit		
Distribution costs	(26,353)	(77,486)
Administrative expenses	(423,055)	(851,226)
Other operating income	-	2,000
	<hr/> (564,779)	<hr/> 102,162
Operating (loss)/profit		
Continuing operations	-	102,162
Discontinuing operations	(564,779)	-
	<hr/> (564,779)	<hr/> 102,162
Interest receivable and similar income	3,891	6,756
	<hr/> (560,888)	<hr/> 108,918
Interest payable and similar charges	(1,095)	(244)
	<hr/> (561,983)	<hr/> 108,674
(Loss)/profit on ordinary activities before taxation		
Tax on (loss)/profit on ordinary activities	107,965	(21,079)
	<hr/> (454,018)	<hr/> 87,595
(Loss)/profit for the financial year after taxation		
Dividends	-	(20,000)
	<hr/> (454,018)	<hr/> 67,595
Retained profit/(loss) brought forward	65,898	(1,697)
	<hr/> (388,120)	<hr/> 65,898
Retained (loss)/profit carried forward		

The company was sold on 1 August 2002 and its business, assets and liabilities hived up to its new holding company at that date. There is no difference between the profit on ordinary activities after taxation as stated above, and their historic cost equivalents.

Balance sheet
at 31 December 2002

	Note	2002	2001 (as restated)
		£	£
Fixed assets			
Intangible assets	7	-	532,218
Tangible assets	8	-	26,014
Investments		-	202,000
		-	760,232
Current assets			
Stocks		-	120,905
Debtors	10	191,880	242,982
Cash at bank and in hand		-	311,853
		191,880	675,740
Creditors: amounts falling due within one year	11	-	(588,074)
Net current assets		191,880	87,666
Total assets less current liabilities		191,880	847,898
Creditors: amounts falling due after one year	12	-	(202,000)
Net assets		191,880	645,898
Capital and reserves			
Called up share capital	13	580,000	580,000
Profit and loss account	14	(388,120)	65,898
Equity shareholders' funds	15	191,880	645,898

These financial statements were approved by the board of directors on 25th February 2004 and were signed on its behalf by



JP Van Kuffeler

Director

Statement of total recognised gains and losses
for the year ended 31 December 2002

	Year ended 31 December 2002 £	Year ended 31 December 2001 (as restated) £
(Loss)/profit on ordinary activities	(454,018)	87,595
Total recognised (losses)/gains relating to the year	(454,018)	87,595
Prior year adjustment (as explained in note 1)	(70,954)	
Total gains and losses recognised since last annual report	(524,972)	

Of the £70,954 prior year adjustment £30,909 arose in the year ended 31 December 2001 and £40,045 was in respect of the year ended 31 December 2000.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements except they have been amended to comply with FRS 18 'Accounting policies' and FRS 19 'Deferred tax'. The implementation of FRS 19 "Deferred tax" has had no material effect on the Group's financial statements. The effect of FRS 18 "Accounting policies" is noted below in the basis of preparation.

The company has restated its opening reserves position as at 1 January 2001 to take into account a prior period adjustment which is detailed below in the basis of preparation.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that its parent company, Huveaux PLC, includes the company in its own published consolidated financial statements.

Basis of preparation

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

Prior year adjustment

The accounting policy in relation to turnover for on-line services has been revised in light of FRS 18, is now recognised on a straight line basis over the period of the licence. This has resulted in an increase in deferred revenue of £120,028 and £154,456 as at 31 December 2000 and 2001 respectively and a corresponding reduction in turnover.

A prior period adjustment has been recognised in relation to the previous accounting treatment adopted by the company for the hive up of assets from VDP Limited to Vacher Dod Publishing Limited on the 30 June 2000. The company recognised an impairment on the investment in VDP Limited of £58,000 representing the excess of the carrying value £266,000 over the net assets of the company £202,000. This was the result of the hive up and no value had been lost to the group as a whole and therefore this did not give a true and fair view. Opening reserves as at 1 January 2001 have been increased by £57,178 reflecting the goodwill arising on hive up of assets of VDP Limited on 30 June 2000 (£58,644 less amortisation of £1,466). The goodwill is being written off over 20 years impacting the 2001 results by £2,932. Although the initial treatment of the impairment is in accordance with Schedule 4 to the Companies Act 1985 which requires that an investment be written down to its recoverable amount as there has been no overall loss to the company, the directors believe it would fail to give a true and fair view to charge the diminution to the company's profit and loss account for the year.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic life as follows:

Leasehold improvements	-	Over the remaining live of the lease
Fixture, fittings and equipment	-	20% - 33% per annum

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year. Deferred tax is recognised without discounting in respect of all because of timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

Turnover

Turnover represents the amounts derived from the provision of goods to third party customers, excluding value added tax. Turnover in respect of on-line services is recognised on a straight line basis over the period of the licence (typically one year).

Intangible assets

In accordance with FRS 10: 'Goodwill and intangible assets', intangible assets arising on consolidation or hive up of trade are capitalised. Intangible assets are amortised to nil by equal instalments over their estimated useful economic lives unless they are considered to have an indefinite life, in which case it is not amortised but subject to annual review for impairment.

Acquired intangible assets which are controlled through legal rights and could be sold separately from the rest of the business are capitalised, where a fair value can be reliably measured.

Where intangible assets are treated as having indefinite economic lives, the financial statements depart from the requirement of companies' legislation to amortise intangible assets over a finite period, in order to give a true and fair view. Intangible assets regarded as having indefinite useful economic lives amounted to £400,000 as at 31 December 2002 (2001: £20,000) and related to publishing rights acquired in 2000 that have been in existence for over 150 years and are acknowledged leaders in their field. If these intangible assets were to be amortised over a period of 20 years, operating profit for the year ended 31 December 2002 would have decreased by an additional £11,666 (2001: £11,666). In accordance with FRS 10 and FRS 11: 'Impairment of fixed assets and goodwill', the carrying values of intangible assets are reviewed annually for impairment on the basis stipulated in FRS 11 and adjusted to the recoverable amount if required. No such adjustment was considered necessary as at 31 December 2002 or as at 31 December 2001.

Stock and work in progress

Finished goods are valued at the lower of cost and net realisable value. Work in progress consists of third party editorial costs prior to print. Editorial costs are capitalised for new publications and substantial updates of continuing publications. Work in progress is valued at the recoverable amount based on anticipated forward sales from the first print run.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash at bank and in hand, deposits repayable on demand, less overdrafts payable on demand.

Notes *(continued)*

2 (Loss)/profit on ordinary activities before taxation

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
<i>(Loss)/profit on ordinary activities is stated after charging:</i>		
Depreciation – owned assets	8,410	13,533
Loss on disposal of fixed assets	-	179
Amortisation of intangible assets	2,772	7,684
Auditors' remuneration	10,000	7,300
	<u> </u>	<u> </u>

3 Remuneration of directors

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Directors' emoluments	104,548	161,247
Amounts paid to third parties in respect of directors' services	-	40,392
	<u> </u>	<u> </u>
	104,548	201,639
	<u> </u>	<u> </u>

No retirement benefits accrued to any of the directors during the years ended 31 December 2002 and 2001.

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the seven months to the time up of trade, analysed by category, was as follows:

	Number of employees	
	31 December 2002	31 December 2001
Sales and marketing	5	3
Editorial and production	7	9
Administrative	5	6
Directors	3	3
	<hr/>	<hr/>
	20	21
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Wages and salaries	334,853	570,663
Social security costs	33,025	58,932
	<hr/>	<hr/>
	367,878	629,595
	<hr/>	<hr/>

Notes (continued)

5 Taxation

a) Analysis of tax (benefit)/charge in the period:

	Year ended 31 December 2002 £	Year ended 31 December 2001 (as restated) £
Current tax	-	21,049
Tax under provided in previous years	-	30
Deferred taxation	(107,965)	-
	<hr/>	<hr/>
Corporation tax	(107,965)	21,079
	<hr/>	<hr/>

b) Factors affecting the tax charge

The tax charge for the year differs from the standard rate of Corporation Tax for small companies in the UK of 19% (2001: 20%). The differences are explained below.

	Year ended 31 December 2002 £	Year ended 31 December 2001 (as restated) £
(Loss)/profit on ordinary activities before taxation	(561,983)	108,674
	<hr/>	<hr/>
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2001: 20%)	(106,777)	21,735
Effects of:		
Amounts non-deductible for tax purposes	(4,299)	329
Capital allowances for period in excess of depreciation	440	(1,253)
Trading losses transferred to deferred tax asset	107,965	-
Other	2,671	238
Adjustment for prior periods	-	30
	<hr/>	<hr/>
Current tax charge for the year	-	21,079
	<hr/>	<hr/>

Notes *(continued)*

6 Intangible fixed assets

	Goodwill and Publishing rights (as restated) £
<i>Cost</i>	
At 1 January 2002	553,642
Transfer on hive up of business	553,642
	<hr/>
At 31 December 2002	-
<i>Amortisation</i>	
At 1 January 2002	21,424
Charge for the year	2,772
Transfer on hive up of business	(24,596)
	<hr/>
At 31 December 2002	-
<i>Net book value</i>	
At 31 December 2001	532,218
	<hr/>
At 31 December 2002	-
	<hr/>

Notes (continued)

7 Tangible fixed assets

	Leasehold property improvement £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2002	5,882	28,152	51,618	85,652
Additions	-	2,744	6,842	9,586
Transfer on hive up of business	(5,882)	(30,896)	(58,460)	(95,238)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2002	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2002	1,394	18,358	39,886	59,638
Charge for the year	591	2,700	5,119	8,410
Transfer on hive up of business	(1,985)	(21,058)	(45,005)	(68,048)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2001	4,488	9,794	11,732	26,014
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

8 Fixed asset investment

	Total £
Cost	
At 1 January 2002	435,000
Transferred on hive up of business	(435,000)
	<hr/>
At 31 December 2002	-
	<hr/>
Provisions	
At 1 January 2002	233,000
Transferred on hive up of business	(233,000)
	<hr/>
At 31 December 2002	-
	<hr/>
Net book value	
At 31 December 2002	-
	<hr/>
At 31 December 2001	202,000
	<hr/>

Notes (continued)

9 Debtors: amounts falling due within one year

	2002 £	2001 £
Trade debtors	-	196,775
Other debtors	-	30,931
Prepayments and accrued income	-	15,276
Amounts due from holding company	191,880	
	<u>191,880</u>	<u>242,982</u>

10 Creditors: amounts falling due within one year

	2002 £	2001 (as restated) £
Bank loans and overdrafts	-	34,999
Trade creditors	-	103,115
Other creditors	-	37,754
Other taxes and social security costs	-	18,291
Taxation	-	43,723
Accruals and deferred income	-	350,192
	<u>-</u>	<u>588,074</u>

11 Creditors amounts falling due after one year

	2002 £	2001 £
Payable to subsidiary	-	202,000
	<u>-</u>	<u>202,000</u>

12 Secured debts

	2002 £	2001 £
The following secured debts are included within creditors:		
Bank overdrafts	-	34,999
	<u>-</u>	<u>34,999</u>

Notes (continued)

13 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
223,306 Ordinary 'A' shares of £1 each	223,306	223,306
156,581 Ordinary 'B' shares of £1 each	156,581	156,581
21,750 Ordinary 'C' shares of £1 each	21,750	21,750
178,363 Ordinary 'D' shares of £1 each	178,363	178,363
	<hr/> 580,000 <hr/>	<hr/> 580,000 <hr/>
<i>Allotted, called up and fully paid</i>		
223,306 Ordinary 'A' shares of £1 each	223,306	223,306
156,581 Ordinary 'B' shares of £1 each	156,581	156,581
21,750 Ordinary 'C' shares of £1 each	21,750	21,750
178,363 Ordinary 'D' shares of £1 each	178,363	178,363
	<hr/> 580,000 <hr/>	<hr/> 580,000 <hr/>

The 'C' ordinary shares referred to above do not carry any attached voting rights.

14 Reserves

	Profit and loss account 2002 £
At beginning of year	136,852
Prior year adjustments	(70,954)
	<hr/>
At beginning of year as restated	65,898
Loss for the financial year	(454,018)
	<hr/>
At end of year	(388,120) <hr/>

Notes (continued)

15 Reconciliation of movements in equity shareholders' funds

	2002	2001 (as restated)
	£	£
Opening equity shareholders' funds*	645,898	578,303
(Loss)/profit for the financial year	(454,672)	87,595
Dividends paid	-	(20,000)
	<hr/>	<hr/>
Closing shareholders' funds	191,880	616,552
	<hr/>	<hr/>

*Originally £716,852 (2001: £618,348) before deducting prior period adjustments £70,954 (2001: £40,045).

16 Commitments

	2002	2001
	£	£
Operating leases which expire:		
Within two to five years	-	48,500
	<hr/>	<hr/>

17 Related parties

ER Peck and AHS Kerwill (former director) had advanced monies to the company in the previous financial year. As at 31 December 2002 the balances due to these directors were nil (2001: £24,004) respectively.

18 Ultimate parent company

The ultimate parent company of Vacher Dod Publishing Limited is Huveaux PLC. Consolidated financial statements of the group are available from Huveaux PLC, 4 Grosvenor Place, London, SW1X 4DL.