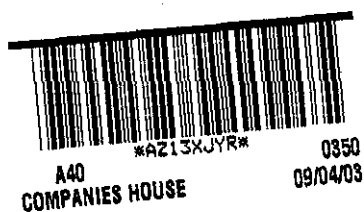


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## **DIRECTORS, SECRETARY AND ADVISERS**

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**Nominated Adviser**

Brewin Dolphin Securities Ltd  
7 Drumsheugh Gardens  
Edinburgh EH3 7QH

**Broker**

Bell Lawrie White  
(a division of Brewin Dolphin Securities Ltd)  
48 St. Vincent Street  
Glasgow G2 5TS

**Auditors and Reporting Accountants**

KPMG Audit Plc  
8 Salisbury Square  
London EC4Y 8BB

**Solicitors to the Company**

Eversheds  
Senator House  
85 Queen Victoria Street  
London EC4V 4JL

**Registrars**

Lloyds TSB Registrars  
The Causeway  
Worthing  
West Sussex BN99 6DA

**Bankers**

Bank of Scotland  
3 Queen Street  
Norwich NR2 4SG

**Company Secretary and Registered Office**

John Leonard Clarke  
11 Grosvenor Crescent  
London SW1X 7EE

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## **DIRECTORS, SECRETARY AND ADVISERS**

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### **DIRECTORS:**

**John P de Blocq van Kuffeler, MA, FCA**

**Chairman, age 54**

He is Chairman of Provident Financial Plc, Eidos Plc and the Finsbury Smaller Quoted Companies Plc. He was the founder of Huveaux Plc and became a director from incorporation.

**John L Clarke, FCA**

**Finance Director, age 54**

After a career at Peat Marwick Mitchell & Co and Moores Rowland, he founded Clarke & Co, chartered accountants in 1990. He is also Chairman of Cranzon Systems Limited. Appointed as director on 19 October 2001.

**Edward R Peck, Bsc**

**Executive director, age 36**

He is the Executive Director responsible for Vacher Dod Publishing. He was formerly Managing Director of Nursery World Limited and prior to that was Classified Advertising Manager at Morgan Gramplan plc. Appointed as director on 1 August 2002.

**Timothy J Benn, MA, FCIM**

**Non-executive director, age 66**

He was formerly Chairman of Benn Brothers Plc and Timothy Benn Publishing Limited. He is co-owner and Chairman of Dalesman Publishing Company Limited and Countryman Publishing Limited. Appointed as director on 19 October 2001.

**Christina G Benn, MCIPD**

**Non-executive director, age 63**

She was formerly Personnel Director of Benn Brothers Plc and Chief Executive of Timothy Benn Publishing Limited. She is co-owner and Chief Executive of Dalesman Publishing Limited and Countryman Publishing Limited. Appointed as director on 19 October 2001.

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## CHAIRMAN'S STATEMENT

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I am pleased to report a pre-tax profit of £368,000 for the year ended 31st December, 2002, our first full year of operations. Earnings per share were 2.05 pence and your Board is proposing a dividend of 0.75 pence per share.

It is also pleasing to note that we achieved all our main corporate objectives, namely to succeed in making high quality acquisitions in the publishing and media fields and to trade at a profit from the Company's inception.

### Review of Operations

The 2002 year was divided into two parts. In the first seven months Huveaux PLC was an AIM listed cash shell which traded at a small monthly profit. On 1st August, 2002 we acquired Vacher Dod Publishing Limited, the UK's leading publisher of parliamentary directories for £4.5 million.

During the five months to 31st December, 2002 Vacher Dod achieved sales of £1,055,000 (compared to £1,365,000 for the whole of 2001) and pre-tax profits of £391,000 (compared to £109,000 for the whole of 2001). Three new titles were launched during this period: Dod's Scottish Parliamentary Companion, Dod's Civil Service Companion and Dod's Constituency Guide. These complemented the titles already being produced at the time of acquisition of Vacher Dod Publishing Limited.

Dod-on-line subscriptions increased by 30 per cent in 2002 which rounded off a very satisfactory result.

We are today announcing the proposed acquisition of the business of Lonsdale SRG, a highly profitable publisher of educational revision guides, together with a placing to raise a further £7.0 million net of expenses. Details are set out in the prospectus which is being sent out with this Annual Report. Lonsdale achieved sales and profits growth of over 30 per cent in its last financial year and is in a high growth sector of educational publishing.

### Outlook

The year 2003 should see a substantial profits contribution from Lonsdale SRG with the projected launch of 10 new educational titles, to add to the 49 titles currently published. After a good performance in the second half of 2002, Vacher Dod is continuing its growth in 2003. The overall outlook for 2003 is therefore continued growth.

I should point out that both Lonsdale SRG and Vacher Dod have sales and profits weighted towards the second half with both the academic and parliamentary year starting in the autumn.

Over the longer term, we are confident that our businesses are in growth markets in which they are well placed to continue significant expansion. In addition, we will continue to target further acquisitions which meet our criteria of growth, high margins, profits and cash generation.

**John P. de Blocq van Kuffeler**

Chairman



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## DIRECTORS' REPORT

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

### Principal activities

A review of the company's activities, performance and prospects is given in the Chairman's Statement.

### Share capital

During the period from 1st January, 2002 to 31st December, 2002 the company's ordinary share capital increased from £1,045,315 to £2,066,190 as set out in note 17 to the accounts.

### Proposed dividend

The directors propose a dividend of 0.75 pence per share in respect of the year ended 31st December, 2002.

### Directors and directors' interests

The directors who held office during the period are set out on page 3.

The directors retiring by rotation are Timothy Benn and Edward Peck who, being eligible, offer themselves for re-election.

Company	Class of share	Interest at end of year	Interest at start of year or date of appointment
John de Blocq van Kuffeler	Ordinary	2,464,036	2,314,820
John L Clarke	Ordinary	215,180	185,180
Edward R Peck	Ordinary	1,637,329	nil
Timothy J Benn	Ordinary	1,471,861	757,576
Christina G Benn	Ordinary	1,471,861	757,546

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## DIRECTORS' REPORT

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According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

### Substantial shareholdings

As at 27 February 2003, the directors were aware of the following interests of 3 per cent or more in the issued ordinary share capital of the company and had not been notified, pursuant to the provisions of the Companies Act 1985, of any further such interest.

Jupiter Asset Management Limited	14.5%
J.P. de Blocq van Kuffeler	11.9%
Singer & Friedlander Investment Management	9.0%
Legg Mason Investors Limited	8.5%
Edward Peck	7.9%
Timothy Benn	7.1%
Christina Benn	7.1%
Friends Ivory & Sime PLC	4.2%

### Employees

Company policy is to recruit, employ and develop staff on the basis of the suitability of their qualifications and experience, regardless of sex, marital status, race, nationality, age, sexual orientation or religion. It is company policy to give full and fair consideration to applicants for employment from disabled people, having regard to their particular abilities and aptitudes.

### Political and charitable contributions

The company made no political or charitable contributions during the period.

### Creditor payment policy

The company agrees the terms and conditions under which business transactions with suppliers are conducted. It complies with these payment terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions. The number of days taken to pay suppliers calculated on the basis of trade creditors as at 31 December 2002 and average daily purchases for the year then ended, is 52 (2001 – 55).

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
John L. Clarke  
Secretary

11 Grosvenor Place  
London SW1X 7EE  
27th February, 2003

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## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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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 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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## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HUVEAUX PLC

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KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

We have audited the financial statements on pages 10 to 24.

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 Annual Report. As described on page 7, this includes responsibility for preparing 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, the Listing Rules of the Financial Services Authority 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 group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

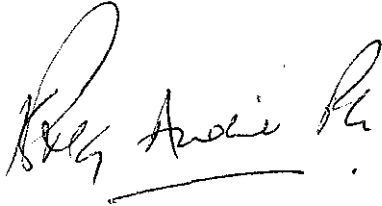
### **Basis of audit opinion**

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 affairs of the company and the group at 31st December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG Audit Plc', with a horizontal line underneath.

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

27th February, 2003

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

*for the year ended 31 December 2002*

	Note	Year ended 31 December 2002 £000	Period ended 31 December 2001 £000
Turnover	2	1,055	-
Cost of sales		(495)	-
<b>Gross profit</b>		<b>560</b>	<b>-</b>
Administrative expenses		(275)	(4)
<b>Operating profit/(loss)</b>		<b>285</b>	<b>(4)</b>
Interest receivable	6	83	4
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>368</b>	<b>-</b>
Tax on profit on ordinary activities	7	(67)	-
<b>Profit for the financial year</b>		<b>301</b>	<b>-</b>
Dividends on equity shares		(155)	-
<b>Retained profit for the year transferred to reserves</b>	<b>18</b>	<b>146</b>	<b>-</b>
<b>Earnings per share - basic and diluted</b>	<b>8</b>	<b>2.05p</b>	<b>-</b>

The results for the year derive in principal from the acquisition of Vacher Dod Publishing Limited on 1 August 2002. In the seven months to 31 July 2002 Huveaux Plc made an operating profit before tax of £21,000.

The company has no recognised gains or losses other than the profit for the year and therefore no separate statement of total recognised gains and losses is presented. The profit on a historical cost basis is the same as the reported profit.

## CONSOLIDATED BALANCE SHEET

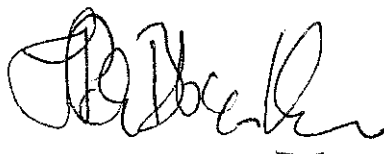
at 31 December 2002

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Intangible assets	9	4,950	–
Tangible assets	10	68	3
		<u>5,018</u>	<u>3</u>
Stocks	12	89	–
Debtors	14	439	–
Cash at bank and in hand		1,361	2,812
		<u>1,889</u>	<u>2,812</u>
<b>Creditors: amounts falling due within one year</b>	15	(812)	(85)
<b>Net current assets</b>		<u>1,077</u>	<u>2,727</u>
<b>Net assets</b>		<u>6,095</u>	<u>2,730</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,066	1,045
Share premium account	18	3,883	1,685
Profit and loss account	18	146	–
<b>Equity shareholders' funds</b>	19	<u>6,095</u>	<u>2,730</u>

These financial statements were approved by the board of directors on 27th February 2003 and were signed on its behalf by:

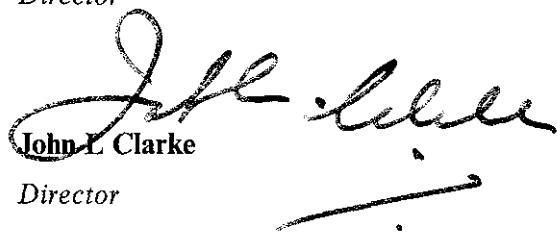
John P de Blocq van Kuffeler

Director



John L Clarke

Director



## COMPANY BALANCE SHEET

at 31 December 2002

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Intangible assets	9	4,950	-
Tangible assets	10	68	3
Investments	11	376	-
		<u>5,394</u>	<u>3</u>
Stocks	12	89	-
Debtors	14	439	-
Cash at bank and in hand		1,361	2,812
		<u>1,889</u>	<u>2,812</u>
<b>Creditors: amounts falling due within one year</b>	15	<b>(812)</b>	<b>(85)</b>
		<u>1,077</u>	<u>2,727</u>
<b>Net current assets</b>		<b>1,077</b>	<b>2,727</b>
<b>Total assets less current liabilities</b>		<b>6,471</b>	<b>2,730</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(376)</b>	-
		<u>6,095</u>	<u>2,730</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,066	1,045
Share premium account	18	3,883	1,685
Profit and loss account	18	146	-
		<u>6,095</u>	<u>2,730</u>
<b>Equity shareholders' funds</b>	19	<b>6,095</b>	<b>2,730</b>

These financial statements were approved by the board of directors on 27th February 2003 and were signed on its behalf by:

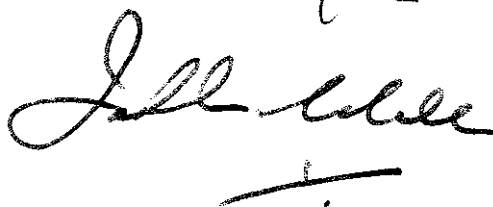
John P de Blocq van Kuffeler

Director



John L Clarke

Director



## CONSOLIDATED CASH FLOW STATEMENT

*for the year ended 31 December 2002*

	Note	Year ended		Period ended	
		31 December 2002		31 December 2001	
		£000	£000	£000	£000
<b>Cash flow statement</b>					
<b>Cash (outflow)/inflow from</b>					
operating activities	22		(180)		81
<b>Returns on investments and</b>					
<b>servicing of finance</b>					
Interest received			83		4
Taxation			(27)		-
<b>Capital expenditure and financial</b>					
<b>investment</b>					
Purchase of tangible fixed assets			(47)		(3)
<b>Acquisitions</b>					
Purchase of subsidiary undertakings		(4,021)		-	
Cash acquired on acquisition of subsidiary		95		-	
<b>Net cash outflow from acquisitions</b>			<b>(3,926)</b>		<b>-</b>
Cash (outflow)/inflow before financing			(4,097)		82
<b>Financing</b>					
Issue of ordinary share capital		3,000		2,875	
Expenses paid in connection with share issue		(354)		(145)	
<b>Cash inflow from financing</b>			<b>2,646</b>		<b>2,730</b>
<b>(Decrease)/increase in cash in the year</b>	23		<b>(1,451)</b>		<b>2,812</b>
<b>Reconciliation of net cash flow to movement in net debt</b>					
<b>(Decrease)/increase in cash in the year</b>	23		<b>(1,451)</b>		<b>2,812</b>
Cash at the beginning of the year	23		2,812		-
<b>Cash at the end of the year</b>	23		<b>1,361</b>		<b>2,812</b>

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## **NOTES** (*forming part of the financial statements*)

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### **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 these new accounting standards has had no material effect on the Group's financial statements.

#### ***Basis of preparation***

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

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December each year. Profits arising on trading between group undertakings are excluded. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account.

#### ***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 life of the lease
Fixtures, fittings and equipment	–	20%-33% per annum

#### ***Taxation***

The charge for taxation is based on the profit for the year. Deferred tax is recognised without discounting in respect of all 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 and services 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***

##### **Group**

In accordance with FRS 10: 'Goodwill and intangible assets', intangible assets arising on consolidation 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 useful life, in which case they are not amortised but subject to annual review for impairment. Each acquisition is assessed with reference to its durability, ability to sustain long term profitability and proven ability to maintain market leadership. Based on their assessment, the directors are of the opinion that the intangible assets of the Group have indefinite economic lives.

Where intangible assets are treated as having an indefinite economic life, 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 for the reasons outlined above. Capitalised intangible assets regarded as

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## NOTES (continued)

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having an indefinite useful economic life amounted to £4,950,000 as at 31 December 2002 (2001: nil). 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 £103,000 (2001: nil).

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 at 31 December 2001.

### Company

On the acquisition of Vacher Dod Publishing Limited, its trade and net assets, were transferred to the company at net book value. The residual net assets of Vacher Dod Publishing Limited are not sufficient to support the carrying value of the investment and consequently the investment carrying value has been impaired.

Schedule 4 to the Companies Act 1985 requires that the investment be written down to its recoverable amount. However, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year. It has been instead reallocated to intangible assets and the identifiable net assets transferred, so as to recognise in the company's individual balance sheet the effective cost to the company of those assets.

The effect of this departure is to increase the holding company's profit for the financial year by £4,421,000, and to increase the value of intangible assets in the holding company's balance sheet by the same amount. The group accounts are not affected by this transfer.

### *Stock and work in progress*

Finished goods are stated 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 lower of cost and net realisable value being 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.

## 2 Segmental information

Substantially all turnover, profit before taxation and net assets relate to the business of Vacher Dod Publishing Limited, which was acquired on 31 July 2002. All turnover relates to sales in the United Kingdom.

## NOTES (continued)

### 3 Profit on ordinary activities before taxation

	Year ended 31 December 2002 £000	Period ended 31 December 2001 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	25	4
Depreciation and other amounts written off owned tangible fixed assets	10	-
Operating lease rentals	42	-
	<u>77</u>	<u>4</u>

The audit fee for the company was £5,000 (2001:£3,700). For the year ended 31 December 2002 the auditors received fees of £140,000 (2000: £21,000) for services related to raising of new share capital which have been charged against share premium.

### 4 Remuneration of directors

Emoluments	<u>56</u>	<u>-</u>
------------	-----------	----------

The above remuneration has been paid in respect of two directors. The aggregate emoluments of the highest paid director were £48,000. Three directors waived their emoluments for the year.

### 5 Staff numbers and costs

There were no employees until 1 August 2002. The average number of persons employed by the group (including directors) from the date of acquisition of Vacher Dod Publishing Limited, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2002	Period ended 31 December 2001
Editorial and production	11	-
Administration	3	-
Sales and marketing	8	-
Research and development	1	-
	<u>23</u>	<u>-</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2002 £000	Period ended 31 December 2001 £000
Wages and salaries	259	-
Social security costs	26	-
	<u>285</u>	<u>-</u>

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**NOTES** *(continued)*

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**6 Interest receivable and similar income**

	Year ended 31 December 2002 £000	Period ended 31 December 2001 £000
Bank interest receivable	<u>83</u>	<u>4</u>

**7 Tax on profit on ordinary activities**

## a) Analysis of charge in the period:

	Year ended 31 December 2002 £000	Period ended 31 December 2001 £000
Current tax	7	-
Deferred tax	<u>60</u>	<u>-</u>
	<u>67</u>	<u>-</u>

## b) Factors affecting the tax charge

The tax charged for the period differs from the standard rate of corporation tax in the UK for small companies (19%). The differences are explained below:

Profit on ordinary activities before taxation	368	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2000: 20%)	<u>70</u>	<u>-</u>
Effects of:		
Permanent differences between expenditures charged in arriving at income and expenditures allowed for tax purposes	(2)	-
Capital allowances in excess of depreciation	(7)	-
Effect of differing tax rates	(1)	-
Utilisation of tax losses	<u>(53)</u>	<u>-</u>
Current tax charge	<u>7</u>	<u>-</u>

## NOTES (continued)

### 8 Earnings per share

	Year ended 31 December 2002 £000	Period ended 31 December 2001 £000
Profit attributable to shareholders	301	—
	2002 Shares	2001 Shares
Weighted average number of shares in issue	14,704,126	400,943
	Year ended 31 December 2002	Period ended 31 December 2001
Earnings per share (pence)	2.05p	—

There are no factors which have a potentially dilutive impact on earnings per share.

### 9 Intangible fixed assets

#### Group and Company

	Publishing rights £000
<i>Cost</i>	
At beginning of year	—
Additions through acquisition	4,950
At end of year	4,950
<b>Net book value</b>	
At 31 December, 2002	4,950
At 31 December, 2001	—

Intangible assets are not being amortised as the directors are of the opinion that they have indefinite economic lives. The basis for this is the ability to sustain long term profitability and to maintain market leadership in their niche business.

## NOTES (continued)

### 10 Tangible fixed assets

#### Group and company

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>			
At beginning of year	–	3	3
Additions	–	47	47
Additions through acquisition	6	90	96
At end of year	<u>6</u>	<u>140</u>	<u>146</u>
<b>Depreciation</b>			
At beginning of year	–	–	–
Charge for the year	1	9	10
Additions through acquisition	2	66	68
At end of year	<u>3</u>	<u>75</u>	<u>78</u>
<b>Net book value</b>			
At 31 December 2002	<u>3</u>	<u>65</u>	<u>68</u>
At 31 December 2001	<u>–</u>	<u>3</u>	<u>3</u>

### 11 Fixed asset investments

	Shares in subsidiary undertakings £000
<b>Cost and net book value – parent company</b>	
At 1 January 2001	–
Additions – acquisitions	4,595
Additions – through hive up of business	202
Transfer to intangible assets (refer note 1 accounting policy)	(4,421)
<b>At 31 December 2002</b>	<u><u>376</u></u>

Details of the group's subsidiary undertakings, which have been included in the group financial statements, are as follows:

	Country of incorporation	Principal activity	Percentage of ordinary shares held
Vacher Dod Publishing Limited	UK	dormant	100%
V.D.P. Limited	UK	dormant	100%

On 1 August 2002, the company acquired 100% of the equity share capital of Vacher Dod Publishing Limited, a publishing company registered in the UK. The consideration, including acquisition costs, was £4,595,000.

## NOTES (continued)

### 11 Fixed asset investments (continued)

The operating assets and liabilities of Vacher Dod Publishing were hived up to Huveaux Plc on the date of the acquisition. Note 13 details the book value and fair value of the assets acquired.

### 12 Stocks

	2002	2001
	£000	£000
<b>Group and company</b>		
Work in progress	50	-
Finished goods	39	-
	<u>89</u>	<u>-</u>

### 13 Acquisitions

On 1 August 2002 the group acquired the entire share capital of Vacher Dod Publishing Limited.

Goodwill arising on the acquisition has been provisionally calculated as follows:

	Book value	Revaluation	Fair value
	£000	£000	£000
Publishing rights	529	4,421	4,950
Tangible fixed assets	28		28
Investments	202		202
Stock	15		15
Debtors	228		228
Deferred tax	138		138
Cash at bank and in hand	95		95
Creditors	(1,061)		(1,061)
Net assets acquired	<u>174</u>	<u>4,421</u>	<u>4,595</u>
Goodwill			-
Total consideration			<u>4,595</u>
Satisfied by:			
Cash			3,927
Shares			573
Acquisition costs			95
			<u>4,595</u>

Publishing rights have been valued to reflect these estimated fair values, each publication can be separately identified and valued.

Vacher Dod Publishing Limited made a loss of £591,000 from the beginning of its financial year to the date of acquisition. In its previous financial year the profit before tax was £109,000 (restated).

On the date of acquisition all the assets and liabilities of Vacher Dod Publishing Limited were hived up to Huveaux Plc.

## NOTES (continued)

### 14 Debtors

	2002 £000	2001 £000
<b>Group and company</b>		
Trade debtors	288	–
Other debtors	47	–
Deferred tax asset	78	–
Prepayments	26	–
	<u>439</u>	<u>–</u>

### 15 Creditors: amounts falling due within one year

	2002 £000	2001 £000
<b>Group and company</b>		
Trade creditors	160	80
Other creditors including tax and social security	7	–
Accruals and deferred income	490	5
Dividend proposed	155	–
	<u>812</u>	<u>85</u>
<b>Company</b>		
<b>Creditors: amounts falling due after more than one year</b>		
Amounts due to group companies	<u>394</u>	<u>–</u>

### 16 Deferred taxation

The amounts recognised and unrecognised for deferred taxation are:

	2002 Amount recognised £000	2002 Amount unrecognised £000	2001 Amount recognised £000	2001 Amount unrecognised £000
<b>Group and company</b>				
Accelerated capital allowances	(8)	–	–	–
Tax losses	86	–	–	–
	<u>78</u>	<u>–</u>	<u>–</u>	<u>–</u>
			Year ended 31 Dec 2002 £000	Period ended 31 Dec 2001 £000
<b>Deferred tax asset</b>				
Beginning of the year/period			–	–
Acquired through acquisition			138	–
Charge in the profit and loss account during the year			(60)	–
			<u>78</u>	<u>–</u>

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**NOTES (continued)**

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**17 Called up share capital**

	2002 £000	2001 £000
<i>Authorised</i>		
Equity: 30,000,000 (2001:14,350,000) ordinary shares of 10p each	<u>3,000</u>	<u>1,435</u>
<i>Allotted, called up and fully paid</i>		
Equity: 20,661,909 (2001:10,453,151) ordinary shares of 10p each	<u>2,066</u>	<u>1,045</u>

During the year the company issued 10,208,758 ordinary shares of 35 pence each for consideration of £3,573,000 pursuant to fund the acquisition of Vacher Dod Publishing Limited. Part of this consideration was the allotment of shares to Edward Peck for £573,000 as part of his consideration for his share in Vacher Dod Publishing Limited.

**18 Share premium and reserves**

	Share premium account £000	Profit and loss account £000
At beginning of year	1,685	-
Retained profit for the year	-	146
Premium on share issues, less expenses	2,198	-
<b>At end of year</b>	<u>3,883</u>	<u>146</u>

**19 Reconciliation of movement in shareholders' funds**

	2002 £000	2001 £000
Profit for the financial year	301	-
Dividends	(155)	-
New share capital subscribed (net of issue costs)	<u>3,219</u>	<u>2,730</u>
Net addition to shareholders' funds	3,365	2,730
Opening shareholders' funds	<u>2,730</u>	-
Closing shareholders' funds	<u>6,095</u>	<u>2,730</u>

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## NOTES (continued)

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### 20 Commitments

Annual commitments under non-cancellable operating leases on land and buildings are as follows:

	2002	2001
	£000	£000
<b>Group</b>		
Operating leases which expire:		
Within one year	48	—
In the second to fifth years inclusive	73	—
	<u>121</u>	<u>—</u>

### 21 Financial instruments

The group's objectives in using financial instruments is the maximisation of returns from financial assets. The group's earnings may be affected by changes in interest rates available on bank deposits. The group aims to maximise returns from funds held on deposit and uses mainly market deposits with major clearing banks accordingly.

The group had no long-term debt at 31 December 2002 (2001: nil). All cash at bank and in hand is held in sterling.

Cash deposits were placed with banks for between one day and one month and earned interest based on LIBOR equivalents.

The carrying value of cash and cash deposits approximates fair value because of the short maturity of those instruments.

The group does not trade in financial instruments.

### 22 Reconciliation of operating profit to operating cashflows

	Year ended 31 December	Period ended 31 December
	2002	2001
	£000	£000
Operating profit/(loss)	285	(4)
Depreciation and amortisation charges	10	—
Increase in stocks	(75)	—
Increase in debtors	(132)	—
(Decrease)/increase in creditors	(268)	85
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(180)</u>	<u>81</u>

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**NOTES** *(continued)*

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**23 Analysis of cash flows**

	At beginning of year £	Cash flow £	At end of year £
Cash in hand and at bank	<u>2,812</u>	<u>(1,451)</u>	<u>1,361</u>

**24 Post balance sheet events**

Subsequent to 31 December 2002, the company has contracted to purchase, subject to shareholders consent and the successful share placement, the business of Lonsdale SRG, a publisher of educational revision guides, together with a placing to raise a further £7.0 million net of expenses.

**25 Related party transactions**

Payments of £7,500 were made by the company to a related business for financial services, Clarke & Co, of which John L Clarke is a partner.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of Huveaux Plc will be held at Senator House, 85 Queen Victoria Street, London, EC4V 4JL, at 10am on 28th March, 2003, for the following purposes:

### Ordinary business

- 1 To receive the Report of the Directors and the Financial Statements for the year ended 31st December, 2002.
- 2 To declare a dividend of 0.75 pence per Ordinary Share of 10p pence payable on 28th March, 2003 to shareholders on the register of members of the Company on 14th March, 2003.
- 3 To re-elect Mr Timothy Benn and Mr Edward Peck who retire in accordance with the Company's Articles of Association, as Directors of the Company.
- 4 To re-appoint KPMG Audit Plc as Auditors to the Company.
- 5 To authorise the Directors to determine the remuneration of the Auditors.

By Order of the Board.

  
J.L. Clarke

Secretary

27th February, 2003