TWO BAD MICE PUBLISHERS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2003

Company Number: 1615321

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TWO BAD MICE PUBLISHERS LIMITED

DIRECTORS	J M S Williams M U Williams
SECRETARY	M U Williams
ACCOUNTANTS	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY
BANKERS	HSBC The Hellcon 1 South Place London EC2M 2UP
REGISTERED OFFICE	Fairfax House 15 Fulwood Place London WC1V 6AY

TWO BAD MICE PUBLISHERS LIMITED

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FOR THE YEAR ENDED 30 SEPTEMBER 2003

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TWO BAD MICE PUBLISHERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2003

The directors present their report and the company's financial statements for the year ended 30 September 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company in the year under review was manufacturing, publishing and the sale of display equipment and materials for museums, galleries and shops. The company has also undertaken further work on its arts centre comprising ballet studio, outdoor theatre and arts and conference facilities, at its new premises.

There were no significant changes in the operation of the company's business during the year under review. In the opinion of the directors the company was in a satisfactory position at the year end.

RESULTS AND DIVIDENDS

An interim dividend of £nil (2002: £30,000) was paid during the year. The directors propose a final dividend of £65,000 (2002: £61,000).

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES

The directors who served during the year and their beneficial interests in the company's ordinary shares of £1 each were as follows:

	At The End Of The Year	At The Start Of The Year
J M S Williams	10,000	10,000
M U Williams	10,000	10,000
	£20,000	£20,000

STATEMENT OF 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 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 ant time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board on 31 March 2004

M U Williams
Company Secretary

TWO BAD MICE PUBLISHERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	2003 £	2002 £
Turnover	1	743,026	816,379
Cost of sales		(354,205)	(392,393)
GROSS PROFIT		388,821	423,986
Administrative expenses		(318,646)	(271,186)
OPERATING PROFIT	3	70,175	152,800
Interest receivable		366	-
Interest payable and similar charges	5	(2,328)	(2,381)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		68,213	150,419
Tax on profit on ordinary activities	6	(18,352)	(12,892)
PROFIT FOR THE FINANCIAL YEAR		49,861	137,527
DIVIDENDS		(65,000)	(91,000)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	£(15,139)	£46,527

RECOGNISED GAINS OR LOSSES

The company has no recognised gains or losses other than the results for the above two financial years.

Turnover and operating profit are derived solely from continuing activities.

The notes on page 4 to 8 form an integral part of these financial statements.

TWO BAD MICE PUBLISHERS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2003

	Note	2003 £	2003 £	2002 £	2002 £
FIXED ASSETS					
Tangible assets	7		298,325		304,447
CURRENT ASSETS					
Stocks	8	122,269		118,744	
Debtors	9	212,317		161,851	
Cash		-		10,647	
		334,586		291,242	
CREDITORS: Amounts falling due within one year	10	(236,839)		(184,478)	
NET CURRENT ASSETS			97,747		106,764
NET ASSETS			£396,072		£411,211
CAPITAL AND RESERVES					
Share capital	12		20,000		20,000
Profit and loss account	13		376,072		391,211
Equity shareholders' funds	14		£396,072		£411,211

The directors have taken advantage of the exemption conferred by section 249A(1) not to have these accounts audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for ensuring that:

1 The company keeps accounting records which comply with section 221 of the Companies Act 1985, and

2 The accounts give a true and fair view of the state of affairs of the company as at 30 September 2003 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

..... J M S Williams (Director)

The financial statements were approved by the board of directors on 31 March 2004.

The notes on pages 4 to 8 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards using the following accounting policies:

a) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

b) Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures fittings and equipment	- 20% reducing balance
Leasehold improvements	- over period of lease
Freehold premises	- 2% straight line

c) Stock

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

d) 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 profit as incurred.

e) Cashflow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 from including a cashflow statement in the financial statements on the grounds that the company is small.

f) Leased assets

Assets held under finance leases are included under tangible fixed assets at their capital value and depreciated over their useful economic lives. Leasing payments consist of capital and interest elements and the interest is charged to the profit and loss account. The annual rentals in respect of operating leases are charged to the profit and loss account.

g) Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

2. TURNOVER

The turnover and profit before tax is attributable to the one principal activity of the company.

3. OPERATING PROFIT

	2003 £	2002 £
Operating profit is stated after charging:		
Directors' emoluments	35,596	33,148
Depreciation	36,542	19,854
Hire of plant and machinery	2,037	1,260
Other operating leases	6,000	6,000

4. STAFF NUMBERS AND COSTS

The average number of staff, including directors, employed by the company during the year was 3 (2002: 3)

The aggregate costs of staff were:		
Wages and salaries	47,032	45,808
Social Security costs	4,030	3,797
Other pension costs	4,100	3,706
	£55,162	£53,311

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank overdraft and loans wholly repayable within five years	£2,328	£2,381

6. TAXATION ON ORDINARY ACTIVITIES

	2003 £	2002 £
Current year corporation tax	18,352	32,250
Under provision in previous years	-	(19,358)
	£18,352	£12,892

Tax Charge Reconciliation

Profits on ordinary activities before tax	73,484	150,419
Profits on ordinary activities multiplied by the small companies rate of UK corporation tax of 19% (2002: 20%)	13,962	30,084
Effects of:		
Expenses not deductible for tax purposes	1,146	2,987
Capital allowances for the year less than depreciation	3,244	8
Other differences		(829)
Over provision in prior year	-	(19,358)
Current tax charge	£18,352	£12,892

7. TANGIBLE FIXED ASSETS

	Freehold Premises £	Leasehold Improvements £	Fixtures, Fittings and Equipment £	Total £
COST				
At 1 October 2002	90,000	189,485	115,561	395,046
Additions	-	16,590	15,630	32,220
At 30 September 2003	90,000	206,075	131,191	427,266
DEPRECIATION				
At 1 October 2002	-	16,557	74,042	90,599
Depreciation charge	1,800	10,304	26,238	38,342
At 30 September 2003	1,800	26,861	100,280	128,941
NET BOOK VALUE				
At 30 September 2003	£88,200	£179,214	£30,911	£298,325
At 30 September 2002	£90,000	£172,928	£41,519	£304,447

8. STOCKS

	2003 £	2002 £
Finished goods	£122,269	£118,744

9. DEBTORS

	2003 £	2002 £
Trade debtors	150,635	99,640
Other debtors	205	150
Prepayments and accrued income	1,798	1,252
Director's loan account	59,679	60,809
	£212,317	£161,851

10. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank overdraft	14,683	-
Trade creditors	123,193	79,907
Corporation Tax	18,352	32,250
Accruals and deferred income	10,440	4,500
Social Security and other taxes	5,171	6,821
Proposed dividend	65,000	61,000
	£236,839	£184,478

11. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003		2002	
	Land and Buildings	Other	Land and buildings	Other
Agreements expiring:	£	£	£	£
Within 2 to 5 years	6,000	-	6,000	-
	£6,000	£ -	£6,000	£ -

12. SHARE CAPITAL

	2003	2002
	£	£
Authorised, allotted, called up and fully paid		
20,000 Ordinary Shares of £1 each	£20,000	£20,000

13. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
Accumulated reserves brought forward	391,211	344,684
Retained (loss)/profit for the financial year	(15,139)	46,527
Accumulated reserves carried forward	£376,072	£391,211

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	49,861	137,527
Dividend payable	(65,000)	(91,000)
Net movement in funds	(15,139)	46,527
Opening shareholders' funds	411,211	364,684
Closing shareholders' funds	£396,072	£411,211

15. ULTIMATE CONTROLLING PARTY

The directors consider the ultimate controlling party to be Mr. & Mrs. J M S Williams.

16. RELATED PARTY TRANSACTIONS

During the year, royalties of £18,458 (2002: £17,523) were paid to J M S Williams, a director and shareholder.

Included in administration expenses is rent paid to the J M S Williams and M U Williams partnership of £6,000 (2002: £6,000) for premises based at Lampeter House, Lampeter Velfrey, and nil (2002: £2,000) in respect of the company's outstanding rent on the company's previous premises.

An amount of £56,550 (2002: £60,809) was owed by J M S Williams to the company at 30 September 2003. The highest balance outstanding was £60,809.