

Company Registration No. 46694

HM PUBLISHERS HOLDINGS LIMITED

Report and Financial Statements

31 December 2015

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REPORT AND FINANCIAL STATEMENTS 2015

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GENERAL INFORMATION

DIRECTORS

G R M Elliott

Resigned 08 September 2015

R E Jacobs

S C Inchcoombe

Appointed 29 April 2016

D J G Knight

Resigned 29 April 2016

K J Michaels

Resigned 12 June 2015

J H Schwanewedel

Resigned 1 May 2016

Dr A C Thomas

Resigned 09 March 2016

A Weber

Resigned 21 April 2015

SECRETARY

GM Williams Hamer

REGISTERED OFFICE

The Campus

4 Crinan Street

London

N1 9XW

BANKERS

National Westminster Bank plc

3 London Street

Basingstoke

Hampshire RG21 7NS

SOLICITORS

Taylor Wessing

5 New Street Square

London EC4A 3TW

AUDITORS

Ernst & Young LLP

Apex Plaza

Reading

RG1 1YE

STRATEGIC REPORT

Business review

The principal activity is that of a sub holding company.

On 5 May, 2015 Holtzbrinck Publishing Group (Holtzbrinck) and BC Partners (BCP) completed the agreement to merge Springer Science+Business Media in its entirety with the majority of Holtzbrinck-owned Macmillan Science and Education, namely the Science and Scholarly division including Nature Publishing Group and Palgrave Macmillan, and the global businesses of Macmillan Education including the Language Learning, Schools, and International Higher Education divisions. This resulted in the change of the ultimate parent undertaking to Springer SBM Zero GmbH, Berlin.

The directors have reviewed and considered business risks relating to HM Publishers Holdings Limited ("the Company"). At this time they do not consider that there are any risks solely in relation to the Company.

On an annual basis the directors review the financial statements. The directors continually assess the performance of the Company and the financing structure of the entity.

Results for the year

The Company profit for the year after taxation amounted to £201,265,000 (2014: £49,868,000). During the year, the Company disposed of its entire interest in Pan Books Publishers Ltd. to a related party, realising a gain on disposal of £38,925,000. Details of the disposals are set out in note 8 to the financial statements.

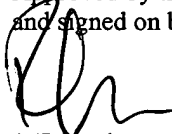
Income Tax

An analysis of the income tax charge is set out in note 5 to the financial statements. The income tax charge as a percentage of profit on ordinary activities before income tax was 0.01% in the current year (2014: credit of 0.03%).

Dividends

Interim ordinary dividend paid for the year to 31 December 2015: £197,633,000 (2014: £238,668,000). The directors do not recommend the payment of a final dividend (2014: £Nil).

Approved by the Board of Directors
and signed on behalf of the Board



R E Jacobs
Director

23 June 2016

DIRECTORS' REPORT

Company Registration No 46694

The directors present their report and Company financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the Company is to act as a sub holding company.

Directors and their interests

The directors holding office during the year are shown on page 1.

During the year no director, or their spouses or dependent children, has held any interest in the shares of the Company.

The Company has indemnified one or more directors of against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Company's Articles of Association. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Liquidity and capital resources

The Company is reliant upon the continued financial support of Group companies which have confirmed their intention to provide the necessary support. The directors have therefore prepared the financial statements on a going concern basis.

The cash flow statement shows £18,000 decrease in cash and cash equivalents in the year ended 31 December 2015 (2014: £44,000 decrease). This figure is stated after payment of £197,633,000 dividends to the Company's shareholders (2014: £238,668,000).

Asset and capital structure

Equity and gearing

The Company has no external debt.

Company policy is to arrange longer term Company borrowing requirements through the Company's immediate and ultimate holding companies. The Company operates within borrowing limits imposed by the banking covenants at the level of the Company's ultimate holding company.

Financial instruments

The Company's financial risk management objectives and policies are discussed in note 16.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Corporate social responsibility

The Company recognises its responsibilities towards the communities in which the business operates worldwide and takes a responsible attitude to compliance with local laws, regulations and customs. The Company places emphasis on ensuring that its employees operate within an environment which recognises equal opportunities for development of all employees. The Company recognises its responsibility towards protecting the environment. The Company has a policy of using paper from renewable resources where possible and works with its suppliers to encourage the use of paper produced following these principles. The Company expects high standards of corporate responsibility from its business partners, and has commenced a programme of audit inspections to verify that appropriate standards are adhered to by its suppliers.

DIRECTORS' REPORT (continued)

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board



R E Jacobs
Director

23 June 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report and Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS8 "Accounting policies, changes in accounting estimates and errors" and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HM PUBLISHERS HOLDINGS LIMITED

We have audited the financial statements of HM Publishers Holdings Limited for the year ended 31 December 2015, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow statement, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

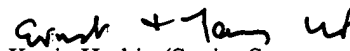
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HM PUBLISHERS HOLDINGS LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Kevin Harkin (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

23 June 2016

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

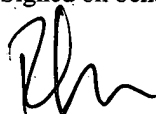
	Note	2015 £'000	2014 £'000
Continuing operations			
Other income	3	8,968	11,324
Employee benefits expense	4	50	(45)
Depreciation and amortisation expense	3	(391)	(1,360)
Other expenses	3	(7,708)	(7,781)
		<hr/>	<hr/>
Operating profit/loss		919	2,138
Income from investments:			
Dividends receivable		164,131	50,000
Disposal of subsidiary undertakings	8	38,924	-
Finance revenue	3	868	1,034
Finance costs	3	(3,997)	(2,990)
		<hr/>	<hr/>
Profit before tax		200,845	50,182
Income tax	5	420	(314)
		<hr/>	<hr/>
Profit for the year		<u>201,265</u>	<u>49,868</u>
Other comprehensive income		<hr/>	<hr/>
Total comprehensive income		<u>201,265</u>	<u>49,868</u>

BALANCE SHEET
at 31 December 2015

ASSETS	Note	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	7	4,890	15,326
Investment in subsidiaries	8	43,764	43,879
		<u>48,654</u>	<u>59,205</u>
Current assets			
Trade and other receivables	9	147,589	117,123
Income tax receivable		258	12,441
Cash and cash equivalents	10	22	40
		<u>147,869</u>	<u>129,604</u>
Assets in disposal groups classified as held for sale		938	-
TOTAL ASSETS		<u>197,461</u>	<u>188,809</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	11	772	772
Share Premium		76,789	76,789
Retained earnings		18,840	15,208
TOTAL EQUITY		<u>96,401</u>	<u>92,769</u>
Non-current liabilities			
Deferred Tax liabilities	12	469	751
Other non-current liabilities	13	786	-
		<u>1,255</u>	<u>751</u>
Current liabilities			
Trade and other payables	13	99,805	95,289
TOTAL LIABILITIES		<u>101,060</u>	<u>96,040</u>
TOTAL EQUITY AND LIABILITIES		<u>197,461</u>	<u>188,809</u>

These financial statements were approved by the Board of Directors on 23 June 2016

Signed on behalf of the Board of Directors.



R E Jacobs
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

2015	Issued capital £'000	Share premium £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2015	772	76,789	15,208	92,769
Profit for the period	-	-	201,265	201,265
Dividends	-	-	(197,633)	(197,633)
	<u>772</u>	<u>76,789</u>	<u>18,840</u>	<u>96,401</u>
At 31 December 2015	772	76,789	18,840	96,401
 2014				
At 1 January 2014	772	76,789	204,008	281,569
Profit for the period	-	-	49,868	49,868
Dividends	-	-	(238,668)	(238,668)
	<u>772</u>	<u>76,789</u>	<u>15,208</u>	<u>92,769</u>
At 31 December 2014	772	76,789	15,208	92,769

CASH FLOW STATEMENT
For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Operating profit		919	2,138
(Increase)/ Decrease in accounts receivable		(30,466)	221,054
Increase/ (Decrease) in accounts payable less than one year		4,516	(33,694)
Increase in accounts payable more than one year		786	-
Depreciation charges		391	1,360
Income tax received/ (paid)		12,321	(278)
Net cash flows from operating activities		<u>(11,533)</u>	<u>190,580</u>
Cash flows from investing activities			
Interest received		868	1,034
Dividends received from subsidiaries		164,131	50,000
Sale of property, plant and equipment		9,107	-
Investment in subsidiary undertakings		115	-
Acquisition of net assets	8	(24,325)	-
Proceeds from disposal of subsidiary undertaking	8	63,249	-
Net cash flows from investing activities		<u>213,145</u>	<u>51,034</u>
Cash flows used in financing activities			
Interest paid		(3,997)	(2,990)
Dividends paid to equity holders of the parent		(197,633)	(238,668)
Net cash flows used in financing activities		<u>(201,630)</u>	<u>(241,658)</u>
Net decrease in cash and cash equivalents		(18)	(44)
Cash and cash equivalents at 1 January	10	<u>40</u>	<u>84</u>
Cash and cash equivalents at 31 December	10	<u>22</u>	<u>40</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of the Company for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 23 June 2016. The Company is a limited company incorporated in England.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Standards Accounting Board and as adopted by the European Union.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out in note 2.

The Company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006. The financial statements present information about the Company as an individual undertaking and not about its group.

The parent company of the smallest group into which the results of the Company are consolidated is Springer SBM One GmbH, Berlin, a company registered in Germany.

2. Summary of significant accounting policies

Statement of compliance

The Company's accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Standards Accounting Board and as adopted by the European Union.

Basis of preparation

The financial statements are presented in GBP sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Going concern

The going concern basis of preparing the financial statements has been adopted as in the view of the directors the Company has adequate resources to continue in operational existence for the foreseeable future.

Fixed assets

Assets (and disposal groups) held for sale:

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition; a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

Investments

All investments are recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income or finance expense.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

2. Summary of significant accounting policies (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues on a time proportion basis, taking into account the effective yield on the asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

New Standards adopted in the period

The Company has adopted the following new and amended IFRS and IFRIC standards and interpretations during the year, mandatory as at 1 January 2015 unless otherwise stated. Adoption of these revised standards and interpretations did not have any material impact on the Company's financial statements.

- Annual Improvements Cycle – 2010 - 2012
- Annual Improvements Cycle – 2011 – 2013
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

2. Summary of significant accounting policies (continued)

New Standards Adopted in the Period (continued)

IASB have issued the following standards and interpretations with an effective date after the date of these financial statements:

Standard or interpretation	Title
Effective from 1 January 2016	
IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IFRS 11	<i>Joint Arrangements: Accounting for Acquisitions of Interests</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Effective from 1 January 2018	
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>

Annual Improvements 2012-2014 Cycle

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures*, IAS 19 *Employee Benefits*, IAS 34 *Interim Financial Reporting*,

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application. The directors are currently considering the potential impact of the new revenue recognition standard (IFRS 15).

The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations. As the company prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

3. Revenues and expenses

	Note	2015 £'000	2014 £'000
Other income			
Income from related parties	15	8,896	9,852
Other		72	1,472
		<u>8,968</u>	<u>11,324</u>
Depreciation and amortisation expense			
Depreciation of tangible fixed assets	7	(391)	(1,360)
		<u>(391)</u>	<u>(1,360)</u>
Other expenses			
Administration expenses		(571)	(995)
Rent and lease expenses		(5,025)	(4,805)
Expenses with related parties	15	(2,112)	(1,981)
		<u>(7,708)</u>	<u>(7,781)</u>
Finance revenue			
Interest receivable from related parties	15	868	1,034
		<u>868</u>	<u>1,034</u>
Finance costs			
Interest payable to related parties	15	(3,997)	(2,955)
Bank interest payable		-	(35)
		<u>(3,997)</u>	<u>(2,990)</u>

Part of the cost of audit of the Company was borne by another Group company.

4. Staff costs and Directors' emoluments

Directors are paid by other group companies for their qualifying services provided to the Company itself and its subsidiaries. As required by the Companies Act 2006, we disclose the remuneration relevant to the directors' qualifying services provided to the Company and its subsidiaries.

For the year ended 31 December 2015, total relevant emoluments were £2,561,000 with an amount of £20,279 contributed to a defined contribution pension scheme for the directors. One director participated in the defined benefit pension scheme and one in a defined contribution pension scheme.

The emoluments in respect of the highest paid director were £1,570,000 with contributions paid to a defined contribution pension scheme on their behalf being £Nil. This individual had accrued pension at the year-end on the defined benefit scheme of £65,367.

	2015 £'000	2014 £'000
Employee benefits expense, including directors		
Wages and salaries	50	(45)
	<u>50</u>	<u>(45)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

5. Income Tax

(a) Tax on profit on ordinary activities

Major components of income tax expense for the years ended 31 December 2015 and 2014 are:

Income Statement	2015 £'000	2014 £'000
Current income tax:		
Current income tax credit/(charge)	150	(447)
Adjustments in respect of current income tax of previous years	(12)	50
Total current income tax	138	(397)
Deferred tax:		
Relating to origination and reversal of temporary differences	(469)	(751)
Relating to prior year	751	834
Total deferred income tax	282	83
Tax credit/(charge) in the income statement	420	(314)

(b) Reconciliation of the total tax charge

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2015 and 2014 is as follows:

	2015 £'000	2014 £'000
Accounting profit before income tax	200,845	50,182
At UK statutory income tax rate of 20.25% (2014: 21.5%)	40,671	10,789
Income not subject to corporation tax	(41,119)	(10,750)
Expenses not deductible for tax purposes	262	440
Changes in temporary differences	(282)	(83)
Changes in tax losses carry forward	(50)	(32)
Prior year adjustments	(12)	(50)
Other	110	-
At effective income tax rate of 0.01% (2014 0.03%)	(420)	314

Factors that may affect future tax charges:

No deferred income tax is recognised on the unremitted earnings of overseas subsidiaries, as the Company considers that no temporary difference exists on which a liability may be provided.

The 2015 UK Budget announced that the UK rate of Corporation Tax will reduce each year in stages until the period commencing 1 April 2020 when the Corporation tax rate will be 18%.

The effect on the Company of these further proposed changes of the UK tax system will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

6. Dividends paid

	2015 £'000	2014 £'000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim dividend paid for 2015: £255.88 (2014: £309.01 per share)	197,633	238,668

7. Property, plant and equipment

31 December 2015

	Land and buildings £'000
Cost	
At 1 January 2015	29,380
Additions	785
Disposals	(14,341)
Cost at cost at 31 December 2015	15,824
Accumulated depreciation	
At 1 January 2015	(14,054)
Charge for year	(391)
Disposals	4,449
Depreciation at 31 December 2015	(9,996)
Net book value	
Net book value at 31 December 2015	5,858
Net book value at 1 January 2014	15,326

On 17 September 2015 the board agreed to dispose of the Basingstoke property held at a Net book Value of £938,000: Cost at 1 January 2015 and 31 December 2015 £3,119,000; Depreciation at 1 January 2015 and 31 December 2015 £2,181,000. The resultant gain or loss will be recognised in the income statement of 2016 when the disposal will be finalised. As at 31 December final negotiation of the sale was in progress and the property was classified as an asset held for sale. Contracts were exchanged on 26th February 2016.

8. Investments

	2015 £'000	2014 £'000
Shares at cost at 1 January	43,879	43,879
Additions	24,440	-
Disposals	(24,325)	-
Shares at cost at 31 December	43,764	43,879
Provision for impairment at 1 January at 31 December	-	-
Net book value at 31 December	43,764	43,879
Net book value at 1 January	43,879	43,879

See note 15 for list of subsidiaries.

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for the year ended 31 December 2015

8. Investments (continued)

On 1 January 2015, the company acquired assets worth £24,325,000 from Macmillan Publishers Limited. These assets were then sold to Macmillan Publishers International Ltd against shares in this entity. The company then sold its entire shareholding in Macmillan Publishers International Ltd to Holtzbrinck Investment Ltd, a related party. The sale proceeds were £63,250,000 and the carrying value of the investment was £24,325,000, giving rise to a profit on disposal of the subsidiary of £38,925,000.

9. Trade and other receivables

	Note	2015 £'000	2014 £'000
Current			
Prepaid expenses		965	608
Other related parties	15	146,624	116,515
		<u>147,589</u>	<u>117,123</u>

10. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	22	40

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents are £22,000 (2014: £40,000).

For the purposes of the Cash Flow, cash and cash equivalents comprise the following at 31 December:

	2015 £'000	2014 £'000
Cash at bank and in hand	22	40

11. Issued share capital

	Number	£'000
Allotted, called up and fully paid:		
31 December 2015		
Ordinary shares of £1 each		
At 1 January and 31 December 2015	772,376	772
31 December 2014		
Ordinary shares of £1 each		
At 1 January and 31 December 2014	772,376	772

12. Deferred Tax

The analysis by category of deferred tax included in the balance sheet is as follows:

	2015 £'000	2014 £'000
Deferred tax liability		
Accelerated capital allowances	469	751

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

13. Trade and other payables

	Note	2015 £'000	2014 £'000
Current			
Other related parties	15	93,129	90,977
Other payables and accruals		6,676	4,312
		<u>99,805</u>	<u>95,289</u>
Non-current			
Other payables and accruals	15	786	-
		<u>786</u>	<u>-</u>

The Company has made provision for office space that is vacant with regards to operating leases where it has a commitment.

14. Commitments and contingencies

Operating lease commitments – Company as lessee

The Company has entered into commercial leases on certain land and buildings, where it is not in the best interests of the Company to purchase these assets. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2015 £'000	2014 £'000
Within one year	4,570	4,674
After one year but not more than five years	14,733	16,536
More than five years	25,518	28,832
	<u>44,821</u>	<u>50,042</u>

Operating lease commitments – Company as lessor

The Company acts as the property holding company of the HM Publishers Holdings Group of publishing companies and sublets property at arm's length terms to its UK subsidiaries and sublets its surplus office space to third parties.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2015 £'000	2014 £'000
Within one year	7,372	8,001
	<u>7,372</u>	<u>8,001</u>

Capital Commitments

At 31 December 2015, HM Publishers Holdings Limited has commitments of £Nil (2014: £Nil) contracted for but not provided in the financial statements.

Guarantees

HM Publishers Holdings Limited has the following contingent liabilities at 31 December:

	2015 £'000	2014 £'000
Bank facilities guaranteed	-	2,039
	<u>-</u>	<u>2,039</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

15. Related party disclosures

a) Subsidiary undertakings

At 31 December the following companies were principal subsidiaries:

		Country of incorporation/ registration	Class of share	Proportion of voting rights held by the Group	
				2015	2014
Macmillan Limited	1	England and Wales	Ordinary	100.00%	100.00%
Macmillan Publishers Limited	1	England and Wales	Ordinary	100.00%	100.00%
Macmillan Publishers Holdings Limited		England and Wales	Ordinary	100.00%	100.00%
Digital Science & Research Limited		England and Wales	Ordinary	-	100.00%
Holtzbrinck Investment Holdings Limited		England and Wales	Ordinary	-	100.00%
Symplectic Limited		England and Wales	Ordinary	-	66.31%
Altmetric LLP		England and Wales	Ordinary	-	50.00%
Figshare LLP		England and Wales	Ordinary	-	50.00%
Gill and Macmillan (UK) Limited		England and Wales	Ordinary	-	100.00%
Macmillan (SLP) General Partner Limited	1	England and Wales	Ordinary	100.00%	100.00%
Macmillan Scottish Limited Partnership		Scotland	Ordinary	100.00%	100.00%
Macmillan Iberia S.A.		Spain	Ordinary	100.00%	100.00%
Nature Publishing Group Iberoamerica S.L.		Spain	Ordinary	100.00%	100.00%
Macmillan (Hellas) Publishers S.A.		Greece	Ordinary	-	100.00%
Macmillan Polska Sp. Z.o.o.		Poland	Ordinary	100.00%	100.00%
E-Education SDC Srl		Romania	Ordinary	-	99.07%
College Press Netherlands B.V.		Netherlands	Ordinary	100.00%	100.00%
Nature America, Inc.		USA	Ordinary	100.00%	100.00%
Macmillan Academic Publishing Inc.		USA	Ordinary	100.00%	100.00%
Rednova Learning Inc		USA	Ordinary	100.00%	100.00%
Digital Science & Research Inc		USA	Ordinary	-	100.00%
Labtiva Inc.		USA	Ordinary	-	56.62%
1DegreeBio Inc.		Canada	Ordinary	-	56.61%
Macmillan Education Namibia Publishers (Pty) Limited		Namibia	Ordinary	-	100.00%
Macmillan Boleswa Publishers (Pty) Limited		Swaziland	Ordinary	100.00%	100.00%
Pan Macmillan South Africa (Pty) Limited		South Africa	Ordinary	-	100.00%
Macmillan South Africa (Pty) Limited	2	South Africa	Ordinary	75.00%	75.00%
Macmillan Educacao Mozambique Lda		Mozambique	Ordinary	80.00%	80.00%
Editora Nacional de Mocambique SA		Mozambique	Ordinary	90.00%	90.00%
Macmillan Malawi Limited		Malawi	Ordinary	-	85.70%
Macmillan Publishers (Zambia) Limited		Zambia	Ordinary	-	100.00%
Unimax Macmillan Limited		Ghana	Ordinary	-	65.00%
Macmillan Rwanda Publishers Limited		Rwanda	Ordinary	-	100.00%
Northern Nigerian Publishing Company Limited	2	Nigeria	Ordinary	-	65.00%
Macmillan Science and Education Australia Pty Limited		Australia	Ordinary	100.00%	-
Macmillan Publishers Australia Pty Limited		Australia	Ordinary	-	100.00%
Pan Macmillan Australia Pty Limited		Australia	Ordinary	-	100.00%
Macmillan Publishers New Zealand Limited		New Zealand	Ordinary	-	100.00%
Macmillan Publishers India Private Limited	1	India	Ordinary	88.10%	88.10%
Macmillan Publishers (China) Limited		Hong Kong	Ordinary	100.00%	100.00%
Macmillan Information Consulting Services (Shanghai) Co Limited		China	Ordinary	100.00%	100.00%
Macmillan Language House Limited		Japan	Ordinary	100.00%	100.00%
Nature Japan K.K.		Japan	Ordinary	100.00%	100.00%
Macmillan Korea Publishers Limited		South Korea	Ordinary	100.00%	100.00%
Macmillan Taiwan Limited		Taiwan	Ordinary	100.00%	100.00%
Macmillan Publishers (Thailand) Limited	1	Thailand	Ordinary	100.00%	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

15. Related party disclosures (continued)

Macmillan Publishers S.A.	Mexico	Ordinary	100.00%	100.00%
Ediciones Castillo S.A. de C.V.	Mexico	Ordinary	100.00%	100.00%
Macmillan Publishers, S.A.	Peru	Ordinary	100.00%	95.00%
Macmillan do Brasil Editora, Comercializadora, Importadora e Distribuidora Ltda	Brazil	Ordinary	100.00%	100.00%
Macmillan Publishers S.A.	Argentina	Ordinary	100.00%	100.00%
Editorial Puerto de Palos S.A.	Argentina	Ordinary	100.00%	100.00%
Editorial Estrada S.A.	Argentina	Ordinary	100.00%	100.00%
Macmillan Publishers S.A.S.	Colombia	Ordinary	100.00%	100.00%
Macmillan Publishers Egypt Limited	Egypt	Ordinary	100.00%	100.00%
Kawkab Distribution Limited	Egypt	Ordinary	98.00%	98.00%
Biodata Limited	Israel	Ordinary	-	75.40%

Notes

- 1 Shares held directly by the Company. All other shares are held wholly or partly by subsidiary undertakings.
- 2 The 25% minority held in the South Africa entity relates to obligations under the black economic empowerment rules in South Africa.

The principal activity of the above subsidiaries is the publishing of books and periodicals.

(b) Associated Undertakings

The following companies were considered to be associated undertakings:

	Country of Incorporation/ Registration	Class of share	Proportion of shares held by the Group as at 31 December 2015 2014	
Stockton Press Educational Publishers B.V.	Netherlands	Ordinary	-	40.00%
College Press Publishers (Pvt) Limited	Zimbabwe	Ordinary	48.91%	48.91%
Research Applications and Financial Tracking Inc.	USA	Preference	-	44.90%
Relay Technology Management Inc.	USA	Ordinary	-	47.3%
Easy-Aula Educacao E Services De Informatica S.A.	Brazil	Ordinary	-	20.00%
Veduca Limited	BVI	Ordinary	-	16.25%
Ediciones Bilingues SL	Spain	Ordinary	50.00%	50.00%
Writelatex Limited	England and Wales	Preference	-	15.90%

All shares in the entities above are held by subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

15. Related party disclosures (continued)

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

		Income from related parties	Expenses with related parties	Interest received from related parties	Interest paid to related parties	Amounts owed from related parties	Amounts owed to related parties
<i>Related party</i>		£'000	£'000	£'000	£'000	£'000	£'000
Immediate holding company:							
Holtzbrinck Publishers Holdings Limited							
	2015	-	-	-	(1,246)	-	53,495
	2014	-	-	-	(243)	-	52,074
Fellow undertakings:							
Macmillan Publishers Limited							
	2015	7,372	(2,112)	370	-	146,300	-
	2014	8,001	(1,981)	673	-	116,492	-
Macmillan Publishers Holdings Limited							
	2015	-	-	-	-	-	27
	2014	-	-	-	-	-	-
Macmillan Limited							
	2015	-	-	-	-	-	2
	2014	-	-	-	-	-	14
Macmillan Information Consulting Services (Shanghai) Co Ltd							
	2015	-	-	-	-	-	-
	2014	-	-	-	-	23	-
Macmillan Publishers India Private Limited							
	2015	103	-	363	-	324	-
	2014	159	-	361	-	-	-
Macmillan Scottish Limited Partnership							
	2015	-	-	-	(2,751)	-	39,412
	2014	-	-	-	(2,712)	-	38,889
Digital Science & Research Limited							
	2015	-	-	-	-	-	188
	2014	-	-	-	-	-	-
Holtzbrinck Investment Holdings Limited							
	2015	-	-	-	-	-	5
	2014	-	-	-	-	-	-
Holtzbrinck Investments Limited							
	2015	-	-	135	-	-	-
	2014	-	-	-	-	-	-
Springer Science+Business Media Finance B.V.							
	2015	279	-	-	-	-	-
	2014	-	-	-	-	-	-
Others							
	2015	1,142	-	-	-	-	-
	2014	1,692	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

15. Related party disclosures (continued)

		Income from related parties	Expenses with related parties	Interest received from related parties	Interest paid to related parties	Amounts owed from related parties	Amounts owed to related parties
		£'000	£'000	£'000	£'000	£'000	£'000
Total:							
	2015	8,896	(2,112)	868	(3,997)	146,624	93,129
	2014	9,852	(1,981)	1,034	(2,955)	116,515	90,977

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlements occur in cash. For the year ended 31 December 2015, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2014: £Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The ultimate parent

On 15 January, 2015 Holtzbrinck Publishing Group (Holtzbrinck) and BC Partners (BCP) announced that they had reached an agreement to merge Springer Science+Business Media in its entirety with the majority of Holtzbrinck-owned Macmillan Science and Education, namely the Science and Scholarly division including Nature Publishing Group and Palgrave Macmillan, and the global businesses of Macmillan Education including the Language Learning, Schools, and International Higher Education divisions. This merger took place on 5 May 2015.

Before 5 May 2015 the ultimate parent undertaking was Georg von Holtzbrinck GmbH & Co. KG. After the merger the directors consider the ultimate parent undertaking and controlling party to be Springer SBM Zero GmbH, Berlin which is a company incorporated in Germany (registered address : Heidelberger Platz 3, 14197 Berlin, Germany).

Immediate Holding company

Holtzbrinck Publishers Holdings Limited

Holtzbrinck Publishers Holdings Limited owns 100% of the ordinary shares in HM Publishers Holdings Limited (2014: 100%). Copies of the financial statements are available from Companies House, Crown Way, Cardiff.

16. Financial risk management objectives and policies

The Company's principal financial instruments comprise of cash.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees the policy for managing the risk and this is summarised below. The Company also monitors the market price arising from all financial instruments.

Liquidity risk

Long term Company financial facilities are arranged at the level of the Company's ultimate holding company. The Company maintains adequate short and medium term credit facilities with its banks to fund forecast working capital requirements.

The Company is not considered to be materially exposed to foreign currency, interest rate or credit risks.

Fair value of recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.