

Company Registration No. 46694

HM PUBLISHERS HOLDINGS LIMITED

Report and Financial Statements

31 December 2016

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REPORT AND FINANCIAL STATEMENTS 2016

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GENERAL INFORMATION

DIRECTORS

R E Jacobs

S C Inchcoombe

D J G Knight

J H Schwanewedel

Dr A C Thomas

Appointed 29 April 2016

Resigned 29 April 2016

Resigned 1 May 2016

Resigned 09 March 2016

SECRETARY

G M Williams Hamer

REGISTERED OFFICE

The Campus

4 Crinan Street

London

N1 9XW

BANKERS

National Westminster Bank

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.

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 £2,913,000 (2015: £201,265,000).

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 2.7% in the current year (2015: credit of 0.01%).

Dividends

Interim ordinary dividend paid for the year to 31 December 2016: £Nil (2015: £197,633,000). The directors do not recommend the payment of a final dividend (2015: £Nil).

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



R E Jacobs
Director

16 June 2017

DIRECTORS' REPORT

Company Registration No 46694

The directors present their report and Company financial statements for the year ended 31 December 2016.

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 £63,000 increase in cash and cash equivalents in the year ended 31 December 2016 (2015: £18,000 decrease). Nil dividends were paid to the Company's shareholders (2015: £197,633,000).

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

16 June 2017

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 2016, 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 and Directors reports 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 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.

Ernst & Young LLP

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

19 June 2017

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Continuing operations			
Other income	3	12,849	8,968
Employee benefits expense	4	-	50
Depreciation and amortisation expense	3	(352)	(391)
Other expenses	3	(5,834)	(7,708)
		<hr/>	<hr/>
Operating profit		6,663	919
Income from investments:			
Dividends receivable		-	164,131
Disposal of subsidiary undertakings		-	38,924
Finance revenue	3	429	868
Finance costs	3	(4,098)	(3,997)
		<hr/>	<hr/>
Profit before tax		2,994	200,845
Income tax	5	(81)	420
		<hr/>	<hr/>
Profit for the year		<u>2,913</u>	<u>201,265</u>
Other comprehensive income		<hr/> -	<hr/> -
Total comprehensive income		<u>2,913</u>	<u>201,265</u>

BALANCE SHEET
at 31 December 2016

ASSETS	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	7	3,716	4,890
Investment in subsidiaries	8	43,764	43,764
		<u>47,480</u>	<u>48,654</u>
Current assets			
Trade and other receivables	9	155,130	147,589
Income tax receivable		253	258
Cash and cash equivalents	10	85	22
		<u>155,468</u>	<u>147,869</u>
Assets in disposal groups classified as held for sale		-	938
TOTAL ASSETS		<u>202,948</u>	<u>197,461</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	11	772	772
Share Premium		76,789	76,789
Retained earnings		21,753	18,840
TOTAL EQUITY		<u>99,314</u>	<u>96,401</u>
Non-current liabilities			
Deferred Tax liabilities	12	544	469
Other non-current liabilities	13	826	786
		<u>1,370</u>	<u>1,255</u>
Current liabilities			
Trade and other payables	13	102,264	99,805
TOTAL LIABILITIES		<u>103,634</u>	<u>101,060</u>
TOTAL EQUITY AND LIABILITIES		<u>202,948</u>	<u>197,461</u>

These financial statements were approved by the Board of Directors on 16 June 2017

Signed on behalf of the Board of Directors.



R E Jacobs
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

2016	Issued capital £'000	Share premium £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2016	772	76,789	18,840	96,401
Profit for the period	-	-	2,913	2,913
	-	-	-	-
At 31 December 2016	772	76,789	21,753	99,314
 2015				
At 1 January 2015	772	76,789	15,208	92,769
Profit for the period	-	-	201,265	201,265
Dividends	-	-	(197,633)	(197,633)
At 31 December 2015	772	76,789	18,840	96,401

CASH FLOW STATEMENT
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Operating profit		6,663	919
Increase in accounts receivable		(7,541)	(30,466)
Increase in accounts payable less than one year		2,459	4,516
Increase in accounts payable more than one year		40	786
Depreciation charges		352	391
Gain on disposal of property, plant & equipment		(2,974)	
Income tax received/ (paid)		(1)	12,321
Net cash flows from operating activities		(1,002)	(11,533)
Cash flows from investing activities			
Interest received		429	868
Dividends received from subsidiaries		-	164,131
Sale of property, plant and equipment		4,734	9,107
Investment in subsidiary undertakings		-	115
Acquisition of net assets		-	(24,325)
Proceeds from disposal of subsidiary undertaking		-	63,249
Net cash flows from investing activities		5,163	213,145
Cash flows used in financing activities			
Interest paid		(4,098)	(3,997)
Dividends paid to equity holders of the parent		-	(197,633)
Net cash flows used in financing activities		(4,098)	(201,630)
Net increase/(decrease) in cash and cash equivalents		63	(18)
Cash and cash equivalents at 1 January	10	22	40
Cash and cash equivalents at 31 December	10	85	22

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

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

The financial statements of the Company for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 16 June 2017. 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 2016

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 2016 unless otherwise stated. Adoption of these revised standards and interpretations did not have any material impact on the Company's financial statements.

IFRS 14: Regulatory Deferral Accounts

Since the Company is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests

These amendments do not have any impact on the Company as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable methods of Depreciation and Amortisation

The amendments are applied prospectively and do not have any impact on the Company, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants

The amendments are applied retrospectively and do not have any impact on the Company as it does not have any bearer plants.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. Summary of significant accounting policies (continued)

New Standards Adopted in the Period (continued)

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

These amendments do not have any impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

3. Revenues and expenses

	Note	2016 £'000	2015 £'000
Other income			
Income from related parties	15	9,284	8,896
Gain on disposal of property, plant and equipment		2,974	-
Other		591	72
		<u>12,849</u>	<u>8,968</u>
Depreciation and amortisation expense			
Depreciation of tangible fixed assets	7	(352)	(391)
		<u>(352)</u>	<u>(391)</u>
Other expenses			
Administration expenses		(160)	(571)
Rent and lease expenses		(4,623)	(5,025)
Expenses with related parties	15	(9)	(2,112)
Losses from currency translation		(1,042)	-
		<u>(5,834)</u>	<u>(7,708)</u>
Finance revenue			
Interest receivable from related parties	15	429	868
		<u>429</u>	<u>868</u>
Finance costs			
Interest payable to related parties	15	(4,058)	(3,997)
Interest on reinstatement provision		(40)	
Bank interest payable		0	
		<u>(4,098)</u>	<u>(3,997)</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 2016, total relevant emoluments were £4,906,589 with an amount of £110,622 contributed to a defined contribution pension scheme for the directors. All four Directors contributed to the defined contribution pension scheme.

The emoluments in respect of the highest paid director were £3,102,083 with contributions paid to a defined contribution pension scheme on their behalf being £16,594.

	2016 £'000	2015 £'000
Employee benefits expense, including directors		
Wages and salaries	-	50
	<u>-</u>	<u>50</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

5. Income Tax

(a) Tax on profit on ordinary activities

Major components of income tax expense for the years ended 31 December 2016 and 2015 are:

Income Statement	2016 £'000	2015 £'000
Current income tax:		
Current income tax credit/(charge)	81	150
Adjustments in respect of current income tax of previous years	(76)	(12)
Total current income tax	<u>5</u>	<u>138</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	(92)	(469)
Relating to prior year	168	751
Total deferred income tax	<u>76</u>	<u>282</u>
Tax credit/(charge) in the income statement	<u>(81)</u>	<u>420</u>

(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 2016 and 2015 is as follows:

	2016 £'000	2015 £'000
Accounting profit before income tax	2,994	200,845
At UK statutory income tax rate of 20% (2015: 20.25%)	599	40,671
Income not subject to corporation tax	(603)	(41,119)
Expenses not deductible for tax purposes	75	262
Changes in temporary differences	10	(282)
Changes in tax losses carry forward	-	(50)
Prior year adjustments	-	(12)
Other	-	110
At effective income tax rate of 2.7% (2015 0.01%)	<u>81</u>	<u>(420)</u>

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.

In the 2016 Budget, the Chancellor announced a further reduction in the main rate of UK corporation tax to 17% from 1 April 2020, and this was substantively enacted in September 2016. Prior to this, changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted in 2015. Deferred tax has been calculated using a rate of 19% as this is the substantively enacted rate at which it was expected that temporary differences would reverse at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

6. Dividends paid

	2016 £'000	2015 £'000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Interim dividend paid for 2016: £nil (2015: £255.88 per share)	-	197,633

7. Property, plant and equipment

31 December 2016

	Land and buildings £'000
Cost	
At 1 January 2016	15,824
Additions	
Disposals	(5,420)
Cost at cost at 31 December 2015	10,404
Accumulated depreciation	
At 1 January 2016	(9,996)
Charge for year	(352)
Disposals	3,660
Depreciation at 31 December 2016	(6,688)
Net book value	
Net book value at 31 December 2016	3,716
Net book value at 1 January 2015	5,858

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. As at 31 December 2015 final negotiation of the sale was in progress and the property was classified as an asset held for sale. Contracts for the Basingstoke property were exchanged on 26th February 2016. Following finalisation, the resultant gain on disposal was recognised in the income statement in 2016.

8. Investments

	2016 £'000	2015 £'000
Shares at cost at 1 January	43,764	43,879
Additions	-	24,325
Disposals	-	(24,440)
Shares at cost at 31 December	43,764	43,764
Provision for impairment at 1 January at 31 December	-	-
Net book value at 31 December	43,764	43,764
Net book value at 1 January	43,764	43,879

See note 15 for list of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

9. Trade and other receivables

	Note	2016 £'000	2015 £'000
Current			
Prepaid expenses		456	965
Other related parties	15	154,674	146,624
		<u>155,130</u>	<u>147,589</u>

10. Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	<u>85</u>	<u>22</u>

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 £85,000 (2015: £22,000).

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

	2016 £'000	2015 £'000
Cash at bank and in hand	<u>85</u>	<u>22</u>

11. Issued share capital

	Number	£'000
Allotted, called up and fully paid:		
31 December 2016		
Ordinary shares of £1 each		
At 1 January and 31 December 2016	<u>772,376</u>	<u>772</u>
31 December 2015		
Ordinary shares of £1 each		
At 1 January and 31 December 2015	<u>772,376</u>	<u>772</u>

12. Deferred Tax

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

	2016 £'000	2015 £'000
Deferred tax liability		
Accelerated capital allowances	<u>544</u>	<u>469</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

13. Trade and other payables

	Note	2016 £'000	2015 £'000
Current			
Other related parties	15	95,684	93,129
Other payables and accruals		6,580	6,676
		<u>102,264</u>	<u>99,805</u>
Non-current			
Other payables and accruals	15	826	786
		<u>826</u>	<u>786</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:

	2016 £'000	2015 £'000
Within one year	4,187	4,570
After one year but not more than five years	13,194	14,733
More than five years	20,482	25,518
	<u>37,863</u>	<u>44,821</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:

	2016 £'000	2015 £'000
Within one year	<u>3,997</u>	<u>7,372</u>

Capital Commitments

At 31 December 2016, HM Publishers Holdings Limited has commitments of £Nil (2015: £Nil) contracted for but not provided in the financial statements.

Guarantees

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

	2016 £'000	2015 £'000
Bank facilities guaranteed	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

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	
				2016	2015
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%
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 Polska Sp. Z.o.o.		Poland	Ordinary	100.00%	100.00%
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%
Macmillan Education Namibia Publishers (Pty) Limited		Namibia	Ordinary	-	100.00%
Macmillan Boleswa Publishers (Pty) Limited		Swaziland	Ordinary	100.00%	100.00%
Macmillan South Africa (Pty) Limited	2	South Africa	Ordinary	75.00%	75.00%
Macmillan Educacao Mozambique Ltda		Mozambique	Ordinary	80.00%	80.00%
Editora Nacional de Mocambique		Mozambique	Ordinary	90.00%	90.00%
Macmillan Science and Education Australia Pty Limited		Australia	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%	-
Macmillan Publishers, S.A. de C.V.		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%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

15. Related party disclosures (continued)

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 2016 2015
College Press Publishers (Pvt) Limited	Zimbabwe	Ordinary	48.91%
Ediciones Bilingues SL	Spain	Ordinary	50.00%

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

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

Related party		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
Immediate holding company:							
Holtzbrinck Publishers Holdings Limited							
	2016	-	-	-	(1,269)	-	54,764
	2015	-	-	-	(1,246)	-	53,495
Fellow undertakings:							
Macmillan Publishers Limited							
	2016	7,474	-	-	-	152,643	-
	2015	7,372	(2,112)	370	-	146,300	-
Macmillan Publishers Holdings Limited							
	2016	-	-	-	-	-	27
	2015	-	-	-	-	-	27
Macmillan Limited							
	2016	-	-	-	-	-	2
	2015	-	-	-	-	-	2
Macmillan Information Consulting Services (Shanghai) Co. Ltd							
	2016	-	-	-	-	-	-
	2015	-	-	-	-	-	-
Macmillan Publishers Egypt Ltd							
	2016	34	-	-	-	34	-
	2015	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

15. Related party disclosures (continued)

Macmillan Publishers India Private Limited							
2016	63	(9)	429	-	450	-	
2015	103	-	363	-	324	-	
Macmillan Scottish Limited Partnership							
2016	-	-	-	(2,788)	-	-	
2015	-	-	-	(2,751)	-	39,412	
Springer Science+Business Media GmbH							
2016	-	-	-	(1)	-	1,001	
2015	-	-	-	-	-	-	
Springer Science+Business Media Finance B.V.							
2016	-	-	-	-	-	-	
2015	279	-	-	-	-	-	
Stampdew Limited							
2016	619	-	-	-	-	-	
2015	-	-	-	-	-	-	
Macmillan Botswana Publishing Company (Pty) Ltd							
2016	6	-	-	-	6	-	
2015	-	-	-	-	-	-	
Macmillan Boleswa Publishers (Lesotho) (Pty) Ltd							
2016	2	-	-	-	2	-	
2015	-	-	-	-	-	-	
Macmillan South Africa (Pty) Ltd							
2016	63	-	-	-	63	-	
2015	-	-	-	-	-	-	
Macmillan Education Swaziland (Pty) Ltd							
2016	7	-	-	-	7	-	
2015	-	-	-	-	-	-	
Macmillan Language House Ltd							
2016	24	-	-	-	24	-	
2015	-	-	-	-	-	-	
Macmillan Science and Education Australia Pty Ltd							
2016	66	-	-	-	66	-	
2015	-	-	-	-	-	-	
Macmillan Polska Spolka Z.o.o							
2016	50	-	-	-	50	-	
2015	-	-	-	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

15. Related party disclosures (continued)

		Income from related parties £'000	Expenses with related parties £'000	Interest received from related parties £'000	Interest paid to related parties £'000	Amounts owed from related parties £'000	Amounts owed to related parties £'000
Macmillan Iberia SAU	2016	308	-	-	-	308	-
	2015	-	-	-	-	-	-
Ediciones Castillo, SA de C.V.	2016	114	-	-	-	114	-
	2015	-	-	-	-	-	-
Macmillan Publishers, SA de C.V.	2016	198	-	-	-	198	-
	2015	-	-	-	-	-	-
Editorial Estrada S.A.	2016	38	-	-	-	38	-
	2015	-	-	-	-	-	-
Editorial Puerto de Palos SA	2016	33	-	-	-	33	-
	2015	-	-	-	-	-	-
Macmillan Publishers SA (Argentina)	2016	23	-	-	-	23	-
	2015	-	-	-	-	-	-
Macmillan do Brasil Editora, Comercializadora, Importadora e Distribuidora Ltda.	2016	96	-	-	-	96	-
	2015	-	-	-	-	-	-
Macmillan Publishers S.A.S (Colombia)	2016	11	-	-	-	11	-
	2015	-	-	-	-	-	-
Macmillan Publishers SA (Peru)	2016	33	-	-	-	33	-
	2015	-	-	-	-	-	-
Others	2016	-	-	-	-	-	-
	2015	1,142	-	-	-	-	-
Total:	2016	9,284	(9)	429	(4,058)	154,674	95,684
	2015	8,896	(2,112)	868	(3,997)	146,624	93,129

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

15. Related party disclosures (continued)

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. For the year ended 31 December 2016, the Company has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2015: £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

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 (2015: 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.