

A & C Black Publishers Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Year ended
28 February 2014



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EDX 23 12 14 #50

COMPANIES HOUSE

A41XVX56

A06 24/02/2015 #122

COMPANIES HOUSE



A400OD28

A08 28/01/2015 #133

COMPANIES HOUSE

L3ZKLXII

LD3 21/01/2015 #54

COMPANIES HOUSE

L3NCP7SG

LD3 23/12/2014 #7

COMPANIES HOUSE

L3LLZLMR

LD7 28/11/2014 #73

COMPANIES HOUSE

Company Registration Number 189153

A & C Black Publishers Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

The directors present their annual report and the financial statements for the year ended 28 February 2014

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company continued to trade during the year as a publisher, with its principal interests being yearbooks, children's books, theatre and drama books and other reference books on a wide variety of subjects

KEY PERFORMANCE INDICATORS

The key performance indicators for the Company include turnover and profit before tax. Turnover for the year to 28 February 2014 was £18,956,000 (year to 28 February 2013 £17,774,000) and the Company profit before tax for the year was £887,000 (2013 £2,464,000)

PRINCIPAL RISKS AND CONTROLS

A full review of the Bloomsbury Publishing Plc Group's ("Group") Risk Register setting out the risks facing the business and the controls in place for all companies within the Group was conducted by the Group Audit Committee during 2014. Details of this review can be found in the Annual Report of the Group which can be obtained from www.bloomsbury-ir.com or from the Company Secretary at the address in note 21

RESULTS AND DIVIDENDS

The Company's profit after tax for the year to 28 February 2014 is £697,000 (year to 28 February 2013 £1,962,000). No dividend is recommended (2013 £nil)

FUTURE DEVELOPMENTS

The Company is continuing to seek expansion of its publishing interests both in fields where it is already strong and in areas where logical growth can be seen

DIRECTORS

The directors who held office during the year and to the date of this report were

J Murphy (resigned 4 October 2013)

JN Newton

KM Rooney

J Glasspool (resigned 4 October 2013)

J Parsons

W Pallot

Directors are granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office

AUDIT EXEMPTION

For the year ending 28 February 2014 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of the Company have not required the Company to obtain an audit of its financial statements for the year ending 28 February 2014 in accordance with section 476

By order of the board



M Daykin

Company Secretary

28 November 2014

REGISTERED OFFICE

50 Bedford Square

London

WC1B 3DP

A & C Black Publishers Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 or loss of the Company for that period In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

A & C Black Publishers Limited

PROFIT AND LOSS ACCOUNT

For the year ended 28 February 2014

	<i>Note</i>	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
TURNOVER	2	18,956	17,774
Cost of sales		(8,991)	(6,563)
GROSS PROFIT		9,965	11,211
Distribution and selling costs		(2,275)	(1,925)
Administrative costs			
Before exceptional items	(6,561)		(6,583)
Impairment of investments	(222)		(84)
		(6,783)	(6,667)
OPERATING PROFIT	2	907	2,619
Interest receivable		25	59
Interest payable	4	(45)	(214)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		887	2,464
Taxation	5	(190)	(502)
PROFIT FOR THE FINANCIAL YEAR	15	697	1,962

The above profit and loss account represents activities from the Company's continuing operations

There is no material difference between the profit on ordinary activities before taxation and the result for the years stated above, and their historical cost equivalents

The notes on pages 6 to 20 form part of these financial statements

A & C Black Publishers Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 28 February 2014

		Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
	<i>Note</i>		
Profit for the financial year		697	1,962
Actual return less expected return on pension scheme assets		(2)	17
Experience gains and losses arising on pension scheme liabilities		(1)	3
Changes in assumptions underlying the present value of the pension scheme's liabilities		(10)	(6)
Deferred taxation on actuarial gains and losses	17	(4)	(10)
TOTAL GAINS AND LOSSES RECOGNISED SINCE THE LAST ANNUAL REPORT		680	1,966

A & C Black Publishers Limited

BALANCE SHEET
At 28 February 2014

Company Registration Number 189153

	Note	28 February 2014 £'000	28 February 2013 £'000
FIXED ASSETS			
Intangible fixed assets	6	2,582	2,535
Tangible fixed assets	7	1,849	1,566
Investments	8	6,552	6,774
		<u>10,983</u>	<u>10,875</u>
CURRENT ASSETS			
Stocks	9	6,408	6,427
Debtors	10	7,505	4,728
		<u>13,913</u>	<u>11,155</u>
CREDITORS amounts falling due within one year	12	<u>(16,071)</u>	<u>(13,885)</u>
NET CURRENT LIABILITIES		<u>(2,158)</u>	<u>(2,730)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,825</u>	<u>8,145</u>
Provisions for liabilities	13	<u>(377)</u>	<u>(377)</u>
NET ASSETS EXCLUDING PENSION SCHEME DEFICIT		<u>8,448</u>	<u>7,768</u>
Pension scheme deficit	17	<u>(99)</u>	<u>(99)</u>
NET ASSETS INCLUDING PENSION SCHEME DEFICIT		<u>8,349</u>	<u>7,669</u>
CAPITAL AND RESERVES			
Called up share capital	14	86	86
Capital contribution account	15	198	198
Profit and loss account	15	8,065	7,385
		<u>8,349</u>	<u>7,669</u>
SHAREHOLDERS' FUNDS	16	<u>8,349</u>	<u>7,669</u>

The notes on pages 6 to 20 form part of these financial statements

For the year ending 28 February 2014 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of the Company have not required the Company to obtain an audit of its financial statements for the year ending 28 February 2014 in accordance with section 476

The financial statements on pages 3 to 20 were approved and authorised for issue by the board of directors on

28 November 2014 and are signed on their behalf by



W Pallot
Director

A & C Black Publishers Limited

BALANCE SHEET

At 28 February 2014

Company Registration Number 189153

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The notes on pages 6 to 20 form part of these financial statements

For the year ending 28 February 2014 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The financial statements on pages 3 to 20 were approved and authorised for issue by the board of directors on 28 November 2014 and are signed on their behalf by



W Pallot
Director

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 2014

1 PRINCIPAL ACCOUNTING POLICIES

(a) *Basis of accounting*

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom and under the historical cost convention

The Company has utilised the exemptions provided by Financial Reporting Standard No 1 and has not prepared a cash flow statement. The results and cash flows of the Company are included in the consolidated financial statements of its ultimate parent company, Bloomsbury Publishing Plc, which are publicly available. The Company is also exempt under FRS 8 from disclosing related party transactions with entities that are part of the Bloomsbury Publishing Plc group.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking entity and not about its group. The consolidated financial statements of the ultimate parent company, Bloomsbury Publishing Plc, which is incorporated in England & Wales include the results of the Company and are publicly available.

(b) *Going concern*

The Company participates in the ultimate parent, Bloomsbury Publishing Plc's, centralised treasury arrangement and so shares banking arrangements with the parent and fellow subsidiaries. The Bloomsbury Group meets its day to day working capital requirements through a £2m overdraft facility and a five year £10m revolving credit facility.

The directors, having assessed the responses of the directors of the ultimate parent Bloomsbury Publishing Plc, to their enquiries, have no reason to believe a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. The factors taken into account in developing this expectation include the level of cash within the business, the Group's bank facilities and continuing sources of revenue.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Bloomsbury Publishing Plc, the Company's 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 financial statements.

(c) *Turnover*

Turnover represents the amount derived from the provision of goods, services and rights falling within the Company's ordinary activities, after deduction of trade discounts, value added tax and anticipated returns.

- Turnover from book publishing is recognised on delivery to retailers
- Turnover from the sale of publishing and distribution rights, including film, paperback, electronic, overseas publishing rights and sponsorship, is recognised on the delivery of the related content
- Turnover from database contracts is recognised in accordance with the stages of completion of contractual services provided. The degree of completion is calculated as a proportion of the content generated against the contractually agreed milestones, for example number of words generated. Where the degree of completion of milestones cannot be reliably measured, turnover is only recognised in full on completion.
- Turnover from management services contracts is recognised at the contractually agreed rate
- Turnover from e-book sales is recognised when content is delivered

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

(d) *Intangible fixed assets*

Goodwill, being the excess cost of acquisition over the fair value of assets acquired, is recognised as an intangible asset and stated at fair value less accumulated amortisation and any amounts recognised in respect of impairment. Goodwill is amortised to nil by equal annual instalments over its estimated useful life of 5 years.

Intangible fixed assets purchased separately from a business are stated at their cost less accumulated amortisation and any amounts recognised in respect of impairment. Intangible assets acquired as part of an acquisition are stated at their fair value at acquisition less accumulated amortisation and any amounts recognised in respect of impairment.

Intangible assets are amortised on a straight-line basis over the following expected useful lives. The annual rates used for this purpose are:

Imprints	3%
Publishing Rights	5% - 20%

Acquired imprints are considered to have a useful economic life greater than 20 years due to the academic nature of the imprint. The estimated economic life is in line with the assessment of external valuation experts at the date of the relevant acquisition.

(e) *Tangible fixed assets*

Tangible fixed assets are stated at cost price less accumulated depreciation and any amounts recognised in respect of impairment.

Depreciation is charged so as to write off the cost of tangible fixed assets, less expected residual value, on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose are:

Office equipment	10% - 20%
Motor vehicles	25%
Product Development	20%

(f) *Investments in subsidiaries*

Investments in subsidiaries are stated at cost less any amounts recognised in respect of impairment.

(g) *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost, which has been determined by the first in first out method, includes all direct costs of production.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

(h) *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

(i) *Pensions*

Until 1997 the Company operated a defined benefit pension scheme. The net obligation in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date, calculated using the projected unit credit method, less the fair value of the scheme's assets.

The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within interest payable and receivable.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of total recognised gains and losses.

The defined benefit scheme is funded, with the assets held separately from the Company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The last valuation was made on 29 February 2012 (note 17).

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Company has a legal or constructive obligation to settle the liability.

Contributions payable under defined contribution schemes are charged to the profit and loss account as incurred.

(j) *Share based payments*

The ultimate parent company, Bloomsbury Publishing Plc, issues equity-settled share-based payment instruments to certain employees in respect of services provided to the Company. Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is charged to the profit and loss on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, with a corresponding increase in equity. Amounts recharged from the parent or reimbursed by the Company are recognised as a reduction in equity in the Company.

Options granted under the Group's share option schemes and Sharesave scheme are equity settled. The fair values of such options have been calculated using the Black-Scholes model or a modified version of the same, based on publicly available market data.

Awards granted under the Group's performance share plan are equity settled. Due to the Total Shareholder Return performance condition that applies to half of any award granted under the plan, the fair value of awards has been calculated using the Monte-Carlo style stochastic model.

(k) *Foreign currencies*

Transactions in currencies other than the functional currency are recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities held in foreign currencies are translated into sterling at the closing rates of exchange at the balance sheet date. Exchange differences are included in operating profit.

(l) *Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. The resultant estimates will,

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

by definition, not necessarily equal the related actual results and may require adjustment in subsequent accounting periods. The estimates and judgements that may cause a material adjustment to the carrying amount of assets and liabilities in the next financial year are

Book returns

As books are returnable by customers, the Company makes a provision against books sold in the accounting period which is then carried forward and offset against trade debtors in the balance sheet in anticipation of book returns received subsequent to the period end. The provision is calculated by reference to historical returns rates and expected future returns.

Author advances

A provision is made by the Company against published title advances which may not be covered by anticipated future sales, paperback editions or contracts for subsidiary rights receivable. At the end of each financial year a review is carried out on all published titles advances. If it is unlikely that royalties from future sales, paperback sales or subsidiary rights will fully earn down the advance, a provision is made to the profit and loss account for the difference between the carrying value and the anticipated recoverable amount from future earnings.

Stock

At the end of each financial year a review is carried out on all published titles where stock is held. A provision is made by the Company against unsold stock on a title by title basis, with regard to historical net sales and expected future net sales, to value the stocks at the lower of cost and net realisable value.

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

2 TURNOVER AND OPERATING PROFIT

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Turnover by destination		
United Kingdom	14,227	12,569
Rest of Europe	1,036	1,302
North America	2,184	1,757
Other	1,509	2,146
	<u>18,956</u>	<u>17,774</u>
Operating profit is stated after charging		
Depreciation of tangible fixed assets (note 7)	421	235
Amortisation of intangible fixed assets (note 6)	277	257
Staff costs (note 3)	2,207	2,110
Exchange losses	1	-
Impairment of investments in subsidiary undertakings	222	84
	<u></u>	<u></u>

3 STAFF COSTS AND DIRECTORS' EMOLUMENTS

Staff costs of £2,207,000 were recharged in the year from Bloomsbury Publishing Plc (2013 £2,110,000)

All employees are employed by Bloomsbury Publishing Plc, the ultimate parent company. Employees provide services on a group basis and all employee costs are incurred by Bloomsbury Publishing Plc. A recharge of staff costs, including directors' emoluments, is made to the Company in respect of services provided to the Company.

Directors' remuneration is borne by the ultimate parent company, Bloomsbury Publishing Plc, and disclosed in the consolidated financial statements which are publically available from the address in note 21. A recharge is made to the Company in respect of services provided to the Company. The recharge is part of the staff costs recharge disclosed above.

Amounts recharged from Bloomsbury Publishing Plc in respect of directors' services to the Company were

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
<i>Directors' emoluments (excluding pension contributions)</i>		
Total	<u>376</u>	<u>368</u>
Highest paid director	<u>154</u>	<u>158</u>
<i>Pension contributions</i>		
Total	<u>24</u>	<u>27</u>
Highest paid director	<u>13</u>	<u>14</u>

Four (2013: four) directors were accruing benefits during the year under defined contribution pension arrangements.

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

4	INTEREST PAYABLE	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
	Loan interest payable to ultimate parent company	20	189
	Interest on pension scheme liabilities	25	25
		<u>45</u>	<u>214</u>

5	TAXATION	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
(a)	Analysis of tax charge for the year		
	UK corporation tax		
	Current tax on income for the year	300	610
	Adjustment in respect of prior years	(100)	(149)
		<u>200</u>	<u>461</u>
	Deferred taxation (note 11)		
	Current year (credit) / charge	(10)	41
	Tax on profit on ordinary activities	<u>190</u>	<u>502</u>

(b) Factors affecting tax charge for the year

The current tax charge for the period is lower (2013 lower) than the standard rate of corporation tax in the UK of 23.08% (2013 24.17%). The differences are explained below

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Profit on ordinary activities before tax	887	2,464
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.08% (2013 24.17%)	205	596
Effects of		
Expenses not deductible for tax purposes	54	27
Difference between depreciation and capital allowances	21	(28)
Adjustment to tax charge in respect of previous periods	(100)	(149)
Share option recharge	29	32
Group relief utilisation	-	(13)
Other	(9)	(4)
Total current tax charge	<u>200</u>	<u>461</u>

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

6 INTANGIBLE FIXED ASSETS

	Goodwill £'000	Publishing Rights and Imprints £'000	Total £'000
Cost			
At 1 March 2013	3,904	3,011	6,915
Additions	115	209	324
At 28 February 2014	4,019	3,220	7,239
Amortisation			
At 1 March 2013	3,758	622	4,380
Charge for the year	75	202	277
At 28 February 2014	3,833	824	4,657
Net book value			
At 28 February 2014	186	2,396	2,582
At 28 February 2013	146	2,389	2,535

7 TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Office equipment £'000	Product development £'000	Assets under construction £'000	Total £'000
Cost					
At 1 March 2013	126	580	1,670	-	2,376
Additions	-	-	175	529	704
Disposals	(13)	-	-	-	(13)
Transfers	-	-	128	(128)	-
At 28 February 2014	113	580	1,973	401	3,067
Depreciation					
At 1 March 2013	126	504	180	-	810
Disposals	(13)	-	-	-	(13)
Charge for the year	-	44	377	-	421
At 28 February 2014	113	548	557	-	1,218
Net book value					
At 28 February 2014	-	32	1,416	401	1,849
At 28 February 2013	-	76	1,490	-	1,566

A & C Black Publishers Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2014

8 INVESTMENTS

	£'000
Shares in subsidiary undertakings	
Cost	
At 1 March 2013 and 28 February 2014	7,868
Provision for impairment	
At 1 March 2013	1,094
Charge in the year	222
At 28 February 2014	1,316
Net book value	
28 February 2014	6,552
28 February 2013	6,774

	Country of incorporation and operation	Proportion of equity capital held	Nature of business during the year
<i>Subsidiary undertakings held directly</i>			
Featherstone Education Limited	England	100%	Non-trading
Oxford International Publishers Limited t/a Berg Publishers	England	100%	Publishing
John Wisden (Holdings) Limited	England	100%	Non-trading
Methuen Drama Limited	England	100%	Non-trading
Reed's Almanac Limited	England	100%	Non-trading
<i>Subsidiary undertakings held indirectly</i>			
John Wisden & Co Limited	England	100%	Publishing
Berg Fashion Library Limited	England	100%	Publishing

9 STOCKS

	28 February 2014 £'000	28 February 2013 £'000
Work in progress	2,071	1,879
Finished goods	4,337	4,548
	6,408	6,427

10 DEBTORS

	28 February 2014 £'000	28 February 2013 £'000
Trade debtors	220	-
Amounts due from group companies	3,604	2,430
Deferred tax asset (note 11)	17	7
Other debtors	-	20
Prepayments and accrued income	3,664	2,271
	7,505	4,728

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

11 DEFERRED TAXATION

The deferred tax asset comprises the following

	Fixed asset timing differences £'000
At 1 March 2013	7
Profit and loss account	10
At 28 February 2014	<u>17</u>

The deferred tax asset is included in the financial statements at a corporation tax rate of 20%

The deferred tax asset in relation to the pension liability is considered in note 17

12 CREDITORS

	28 February 2014 £'000	28 February 2013 £'000
Amounts falling due within one year		
Trade creditors	1,415	1,194
Amounts owed to group companies	11,700	10,120
Other taxation and social security	11	11
Corporation taxation payable	180	498
Other creditors	980	613
Accruals and deferred income	1,785	1,449
	<u>16,071</u>	<u>13,885</u>

13 PROVISIONS FOR LIABILITIES

	Contingent consideration £'000
At 1 March 2013 and 28 February 2014	<u>377</u>

14 SHARE CAPITAL

	28 February 2014 £'000	28 February 2013 £'000
Allotted, called up and fully paid		
460 Ordinary shares of £1 each	-	-
86,000 Deferred shares of £1 each	86	86
	<u>86</u>	<u>86</u>

A & C Black Publishers Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

15 RESERVES

	Capital contribution account £'000	Profit and loss account £'000	Total £'000
At 1 March 2013	198	7,385	7,583
Capital contribution from ultimate parent company	128	-	128
Recharge of share based payment charge from the ultimate parent company	(128)	-	(128)
Retained profit for the year	-	697	697
Other recognised gains and losses	-	(17)	(17)
At 28 February 2014	198	8,065	8,263

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	28 February 2014 £'000	28 February 2013 £'000
Retained profit for the year	697	1,962
Other recognised gains and losses relating to the year	(17)	4
Capital contribution from ultimate parent company	128	132
Recharge of share based payment charge from the ultimate parent company	(128)	(132)
Net increase in shareholders' funds	680	1,966
Opening shareholders' funds	7,669	5,703
Closing shareholders' funds	8,349	7,669

17 PENSIONS

The Company operates a group money purchase scheme. In the year to 28 February 2014 pension costs amounted £80,000 (year to 28 February 2013 £88,000).

The Company operates a defined benefit scheme for some staff. Accrual of benefits ceased in 1997, with the scheme now being operated as a closed fund. A full actuarial valuation was carried out as at 29 February 2012 and updated to 28 February 2014 by a qualified independent actuary. At the date of the last completed independent actuarial valuation the market value of the assets of the scheme was £411,000. The next valuation of the scheme is due at 28 February 2015.

Contributions paid to the scheme during the period amounted to £34,000 (2013 £19,200). The directors' best estimate of the contribution to be paid in the year ending 28 February 2015 is £33,000.

The major assumptions used by the actuary for the update at 28 February 2014 were as follows:

	28 February 2014	28 February 2013
Rate of increase in salaries*	n/a	n/a
Rate of increase in pensions in payment	0.00%	0.00%
Discount rate	4.40%	4.50%
Inflation assumption	3.40%	3.30%
Revaluation rate for deferred pensioners	2.50%	2.55%
Expected return on plan assets**	5.00%	5.00%

* The scheme is closed and there are no active members, therefore no increases in payments have been applied.

** The expected return on plan assets has been determined by reference to the scheme's current investment strategy.

Details of the plan assets are included in the Bloomsbury Publishing Plc Group financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

Mortality rate assumptions are based on publicly available data in the UK, such as mortality tables. The mortality assumptions adopted at 28 February 2014 imply the following remaining life expectancies at age 65

	28 February 2014 Life expectancy at age 65	28 February 2013 Life expectancy at age 65
Male currently aged 45	25.5	25.4
Female currently aged 45	27.9	27.8
Male currently aged 65	23.5	23.4
Female currently aged 65	26.0	25.9

The amount included in the balance sheet arising from the Company's obligation in respect of the defined benefit pension scheme is as follows

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Total value of assets (with profit policy)	464	451
Present value of funded scheme liabilities	(588)	(579)
Retirement benefit obligations (net liability)	(124)	(128)
Deferred taxation	25	29
Deficit after taxation	(99)	(99)

Movements in the present value of defined benefit scheme liabilities in the year were as follows

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
At start of year	(579)	(568)
Expenses	(12)	(12)
Interest cost	(25)	(25)
Benefits paid	39	29
Actuarial losses	(11)	(3)
At end of year	(588)	(579)

Movements in the present value of scheme assets in the year were as follows

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
At start of year	451	411
Expected return on scheme assets	20	21
Actuarial gains	(2)	17
Employer contributions	34	31
Benefits paid	(39)	(29)
At end of year	464	451

£12,000 was charged to operating profit during the current period (2013: £12,000)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

The movement in the deferred tax balance is as follows

	£'000
1 March 2013	29
Statement of total recognised gains and losses	(4)
28 February 2014	<u>25</u>

Analysis of the amount that has been charged to interest receivable and payable

	Year ended 28 February 2014 £'000	Year ended 28 February 2013 £'000
Expected return on pension scheme assets	20	21
Interest on pension scheme liabilities	(25)	(25)
Net cost	<u>(5)</u>	<u>(4)</u>

Details of the amounts recognised in the statement of total recognised gains and losses during the year are shown on page 4. The cumulative amount of actuarial income and expenses recognised since 1 January 2002 in the statement of total recognised gains and losses is a loss of £215,000 (2013 loss of £202,000)

The history of experience adjustments is as follows

	28 February 2014 £'000	28 February 2013 £'000	29 February 2012 £'000	28 February 2011 £'000	31 December 2009 £'000
Present value of defined benefit obligations	(588)	(579)	(568)	(516)	(480)
Fair value of scheme assets	464	451	411	421	388
Deficit in scheme	<u>(124)</u>	<u>(128)</u>	<u>(157)</u>	<u>(95)</u>	<u>(92)</u>
Experience (losses) / gains on scheme assets					
amount (£'000)	(2)	17	1	4	(28)
percentage of fair value of scheme assets	0%	3.8%	0%	1%	(7%)
Experience (losses) / gains on scheme liabilities					
amount (£'000)	(1)	3	(4)	6	1
percentage of the present value of the scheme liabilities	0%	(1)%	1%	(1)%	-
Total amount recognised in statement of total recognised gains and losses					
amount (£'000)	(13)	14	(74)	(16)	(111)
percentage of the present value of the scheme liabilities	2%	(2)%	13%	3%	23%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

18 SHARE OPTION SCHEMES

Share options in the ultimate parent company, Bloomsbury Publishing Plc, are awarded to employees of the Group in relation to their services to the Group's companies. The expense of all share options awarded is incurred by Bloomsbury Publishing Plc, and a recharge to the Company is made in respect of the value of services provided in each year to the Company. The disclosures below are illustrative for the number of shares equivalent to the value of the recharge for services to the Company only.

For the year ended 28 February 2014 the Company recognised total expenses related to equity-settled share-based payment transactions of £128,000 (year ended 28 February 2013: £132,000).

The Bloomsbury Performance Share Plan 2005 ("the PSP")

	Number
Outstanding at 1 March 2013	523,983
Granted during the year	108,600
Exercised	(68,578)
Lapsed	(68,578)
Transferred to other group companies	(50,836)
Outstanding at 28 February 2014	444,591
Exercisable at 28 February 2014	-

Under the rules of the PSP, Performance Share awards of fully paid Ordinary Shares are granted for nil consideration. For the purposes of determining the number of Ordinary Shares comprised in an award, the value of a share shall be equal to either the average middle-market price of the Ordinary Share for the five dealing days immediately preceding the award date or the middle-market price on the dealing day before the award date. The vesting period is generally three years and the level of vesting is subject to the achievement of Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") performance conditions. Except in certain circumstances, awards lapse if the employee leaves the Group.

EPS performance targets and level of vesting

In respect of the PSP award granted on 8 December 2011 the Bloomsbury Publishing Plc Remuneration Committee approved EPS targets for the three year performance period as follows:

<i>Target for normalised EPS</i>	<i>Level of vesting for awards granted 8 December 2011</i>
10.6 pence or less	Nil
10.7 pence	33%
11.5 pence	66%
14 pence	100%

Vesting between 10.7 pence and 11.5 pence and between 11.5 pence and 14 pence is straight line.

In respect of the PSP award granted on 5 December 2012 the Bloomsbury Publishing Plc Remuneration Committee approved EPS targets for the three year performance period as follows:

<i>Target for normalised EPS</i>	<i>Level of vesting for awards granted 5 December 2012</i>
13.74 pence or less	Nil
13.75 pence	30%
16.2 pence	100%

Vesting between 13.75 pence and 16.2 pence is straight line.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

In respect of the PSP award granted on 29 November 2013 the Bloomsbury Publishing Plc Remuneration Committee approved EPS targets for the three year performance period as follows

<i>Target for normalised EPS</i>	<i>Level of vesting for awards granted 29 November 2013</i>
15.09 pence or less	Nil
15.1 pence	30%
18.4 pence	100%

Vesting between 15.1 pence and 18.4 pence is straight line

TSR performance conditions and level of vesting

The TSR performance conditions applied to PSP awards over a three year performance period are generally as follows. The Comparator group is the FTSE Mid 250 excluding investment trusts or as otherwise determined by the Committee

<i>Target for ranking in Comparator group based on TSR</i>	<i>Level of vesting</i>
Ranking below the median for the Comparator group	0%
Ranking at or above the median (top 50%)	30% (35% for 2011 awards)
Ranking at or above the upper quartile (top 25%)	100%

Vesting between top 50% and top 25% ranking is straight line

The inputs into the Monte-Carlo style stochastic model used by our remuneration consultants, New Bridge Street Consultants, are as follows

Granted at 29 November 2013

<i>Performance condition</i>	<i>Increase in EPS over RPI</i>	<i>Total Shareholder Return</i>
Share price	171.63 pence	171.63 pence
Expected term	3 years	3 years
Exercise price	-	-
Volatility	n/a	25.17%
Risk Free Interest Rate	n/a	0.73%
Fair Value charge per award	171.63 pence	109.58 pence

Awards made under the PSP Plan vest on the third anniversary of grant and a three year expected life has been assumed. The expected volatility was based on Bloomsbury's share price volatility over the period prior to grant, equal in length to the expected three year life. Half of any award is subject to an EPS performance condition (which is not factored into the valuation) and the other half is subject to a Total Shareholder Return condition whereby performance is compared to the FTSE Mid 250 companies (excluding Investment Trusts) over a three year period from the date of grant, with 30% of shares subject to this performance condition vesting for a median ranking rising to 100% for an upper quartile ranking. The discount for this TSR condition is calculated at the date of grant using the "Monte-Carlo" model.

A charge of £125,000 (2013: £129,000) was recorded in the profit and loss for the year in respect of PSP awards.

Bloomsbury Sharesave Plan 2005

The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The shares were valued using the Monte-Carlo model.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2014

A charge of £3,000 (2013 £3,000) was recorded in the profit and loss for the year in respect of the Sharesave scheme grants

19 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption offered by Financial Reporting Standard No 8 not to disclose transactions or balances with entities that are wholly owned by the group. The consolidated financial statements of Bloomsbury Publishing Plc, the ultimate parent company, are publicly available.

Bloomsbury Publishing Plc, the ultimate parent company, has guaranteed the liabilities of the Company under Section 279C of the Companies Act 2006.

There were no other related party transactions.

20 COMMITMENTS AND CONTINGENT LIABILITIES

The Company is committed to paying royalty advances to authors under publishing contracts during subsequent financial years. At 28 February 2014 this commitment amounted to £1,198,000 (2013 £719,000).

The Company, along with other group subsidiaries, has guarantees in place relating to the Group's borrowing facilities with Lloyds TSB Bank Plc. At 28 February 2014 the Group had at its disposal £12 million of undrawn committed borrowing facilities (2013 £12m) comprised of a £10m revolving credit facility and a £2m overdraft. The overdraft facility is in the process of being re-negotiated to be available until November 2014 and the loan facility matures in July 2016. The facility is subject to two covenants being a maximum net debt to EBITDA ratio and a minimum interest cover covenant. As at 28 February 2014 there were no amounts outstanding on these facilities.

21 ULTIMATE PARENT COMPANY

The immediate parent company is A & C Black Limited (formerly A & C Black Plc), a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent company is Bloomsbury Publishing Plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Bloomsbury Publishing Plc may be obtained from the Company Secretary, Bloomsbury Publishing Plc, 50 Bedford Square, London WC1B 3DP.