Scholastic Book Clubs Limited

Report and Financial Statements

31 May 2018

Registered no. 1417383

DIRECTORS
R Robinson
S Thompson
N Dixon
C Moreton

SECRETARY
N Dixon

AUDITORS
Ernst & Young LLP
No 1 Colmore Square
Birmingham
B4 6HQ

BANKERS
HSBC Bank plc
126 The Parade
Leamington Spa
Warwickshire
CV32 4AJ

REGISTERED OFFICE
Westfield Road
Southam
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CV47 0RA

STRATEGIC REPORT

The Directors submit their strategic report for the year ended 31 May 2018.

PRINCIPAL ACTIVITIES AND FUTURE PROSPECTS
Scholastic Book Clubs Limited is the UK's single largest school-based book club company. The Company is part of the Scholastic UK group, which as well as the clubs operation is also a school-based book fair operator and leading publisher of children's and education books and resources.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

PERFORMANCE OF THE BUSINESS DURING THE YEAR
The Company experienced an overall sales decline of 15.5% in the year. Sales in the UK declined by 11.3% and sales in overseas markets declined by 20.4% after an exceptionally strong 2017. Gross margin declined in percentage terms in the year as we increased the average discount level offered to customers, though more targeted marketing activity gave rise to a marked reduction in distribution costs and administration expenses that resulted in a stabilised operating loss of £663k (2017 loss: £644k).

Year to 31 May	**2018** **£'000**	**2017** **£'000**
Turnover	4,421	5,229
Gross Profit	2,922	3,587
Gross Margin	66.1%	68.6%
Operating Loss	(663)	(644)

The loss for the year after taxation was £671,521 (2017 loss: £665,966). The Directors do not recommend the payment of a dividend (2017: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties facing the Company are foreign currency risk, liquidity and interest rate risk. Other risks include the economic uncertainty and the potential impact of Brexit on our export business.

Foreign currency
The Company's principal currency is sterling, although the Company does have some suppliers who invoice in US dollars and Euros. The Company seeks to naturally hedge currencies using existing supplier relationships.

Credit risk
The Company takes a very cautious approach to credit risk and only allows credit terms to customers that have strong credit reports and a good credit history. Strong relationships are maintained with significant customers to avoid risk and the Company takes appropriate steps, such as requests for payment in advance to minimise its exposure.

Liquidity and interest rate risk
The Company benefits from having a mix of businesses with varying standard credit terms, which provide increased liquidity. This is partially offset, however, by the seasonal nature of the Company's revenues. The Company utilises facilities provided by reputable high street banks within the UK at favourable terms. The Company uses its position within the UK Group, and the wider Scholastic global operations, to tightly manage cash flows to minimise interest costs.

Economic Uncertainty and Brexit Impact

The Company performs regular reviews of its business activities and financial performance and engages in a quarterly forecasting exercise to ensure the business is on track to deliver to set targets and growth in each business area. Any risks identified such as employment and economic factors are reviewed and where possible steps are taken to mitigate the risks for example collaboration with suppliers or a shift in sales effort.

By order of the Board

N Dixon
Company Secretary

Date: 10th December 2018

DIRECTORS' REPORT

The Directors submit their report and financial statements for the year ended 31 May 2018.

DIRECTORS
The current directors are listed on page 1.

The Directors that served in the year are:

Director's Name	Residence (if outside the UK)
S Thompson	
R Robinson	(Resident in the USA)
N Dixon	
C Moreton	

DIRECTORS' LIABILITIES
As permitted by the Companies Act 2006, the Company has insurance cover for the Directors against liabilities in relation to the Group.

EMPLOYEE INVOLVEMENT
The Company has always encouraged employees to present their suggestions with a view to improving the performance of the Company.

FUTURE DEVELOPMENTS
The Company continues to explore opportunities to engage with schools and parents in order to maximise sales opportunities and build readers.

GOING CONCERN
The financial statements have been prepared under the going concern concept which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. In drawing this conclusion the Directors have sought and obtained support from Scholastic UK Limited which itself has obtained support from Scholastic Inc. In addition Scholastic Inc provides a guarantee for the UK overdraft facility. Based on the support structure in place and the ability and willingness of Scholastic Inc to continue to support the UK group the Directors have concluded it is appropriate to prepare the accounts under the going concern concept.

AUDITORS
A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
The Directors, as far as they are aware, confirm that there is no relevant information of which the Company's auditors are unaware.

The Directors confirm that they have taken all the steps that they ought to as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

N Dixon
Company Secretary

Date: 10th December 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable United Kingdom 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) including Financial Reporting Standard 102. 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 for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHOLASTIC BOOK CLUBS LIMITED

Opinion

We have audited the financial statements of Scholastic Book Clubs limited for the year ended 31 May 2018 which comprise the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 May 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Andrew Merrick (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham
Date 11/12/18

INCOME STATEMENT
For the year ended 31 May 2018

	Note	2018 £	2017 £
TURNOVER	2	4,421,061	5,229,267
Cost of sales		(1,499,183)	(1,642,716)
GROSS PROFIT		2,921,878	3,586,551
Distribution costs		(2,772,238)	(3,040,431)
Administrative expenses		(812,314)	(1,189,898)
OPERATING LOSS	3	(662,674)	(643,778)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(662,674)	(643,778)
Interest payable and similar charges	5	(8,847)	(22,188)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(671,521)	(665,966)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR		(671,521)	(665,966)

All transactions arose from continuing operations.

There are no items of other comprehensive income (2017: none) such that total comprehensive income comprises solely the retained profit for the financial year.

The notes on pages 12 to 19 form part of these financial statements.

BALANCE SHEET
At 31 May 2018

	Note	2018	2017
		£	£
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	1,736,618	1,817,744
		1,736,618	1,817,744
CURRENT ASSETS			
Stocks	9	1,668,926	1,647,372
Debtors	10	1,173,534	1,230,799
Cash at bank and in hand		350	350
		2,842,810	2,878,521
CREDITORS: amounts falling due within one year	11	(26,156,667)	(25,601,982)
NET CURRENT LIABILITIES		(23,313,857)	(22,723,461)
NET ASSETS		(21,577,239)	(20,905,717)
CAPITAL AND RESERVES			
Called up share capital	14	539,557	539,557
Capital redemption reserve		8,000	8,000
Profit and loss account		(22,124,796)	(21,453,274)
		(21,577,239)	(20,905,717)

The notes on pages 12 to 19 form part of these financial statements.

Approved by the Board on 10th December 2018

S Thompson
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2018

	Called up capital	Capital reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 June 2017	539,557	8,000	(20,787,308)	(20,239,751)
Loss for the year	-	-	(665,966)	(665,966)
At 31 May 2017	539,557	8,000	(21,453,274)	(20,905,717)
Loss for the year	-	-	(671,521)	(671,521)
At 31 May 2018	539,557	8,000	(22,124,795)	(21,577,238)

NOTES TO THE ACCOUNTS

At 31 May 2018

1. ACCOUNTING POLICIES

Statement of compliance

Scholastic Book Clubs Limited is a limited liability company incorporated in England. The registered office is Westfield Road, Southam, Warwickshire, CV47 0RA.

The Company's financial statements have been prepared in compliance with FRS 102 'The Financial Reporting Standard for the UK and Republic of Ireland' as it applies to the financial statements of the Company for the year ended 31 May 2018.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

Fundamental accounting concept – Going concern

The financial statements have been prepared under the going concern concept which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. In drawing this conclusion the Directors have sought and obtained support from Scholastic UK Limited which itself has obtained support from Scholastic Inc. In addition Scholastic Inc provides a guarantee for the UK overdraft facility. Based on the support structure in place and the ability and willingness of Scholastic Inc to continue to support the UK group the Directors have concluded it is appropriate to prepare the accounts under the going concern concept.

Cash Flow

The Company is exempt from the provisions of FRS102, in respect of preparation of a Cash Flow Statement as it is included within the group financial statements of Scholastic Corporation, a US incorporated company. Scholastic Corporation controls more than 90% of the voting rights of the Company.

Goodwill

Positive goodwill arising on acquisition since 1 June 2009 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis through the profit and loss account over the Directors' estimate of its useful economic life of 20 years. It is reviewed for impairment at the end of each financial year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates which are calculated to write off the cost of assets by equal annual instalments over their estimated useful lives as follows:

Freehold Buildings	2% - 7%
Equipment, fixtures and fittings	14% - 33%

Depreciation is not provided on freehold land.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE ACCOUNTS
At 31 May 2018

1. ACCOUNTING POLICIES (continued)

Stock
Stocks have been valued at the lower of cost, including all attributable overheads, or net realisable value. Cost is determined on a weighted average basis.

The stock is considered on a title-by-title basis with respect to its editorial suitability for re-offer (assessed on the nature and the quantity of the book) and anticipated method of disposal. Provisions, based on this, are made to reduce cost to its estimated net realisable value, where appropriate.

Revenue recognition
Revenue is recognised upon despatch of goods to customers.

Deferred taxation
The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign Currencies
Transactions in foreign currencies have been translated at the rate ruling on the date of the transaction. Amounts payable or receivable in foreign currencies have been translated at the exchange rates ruling at the balance sheet date. Gains and losses on foreign exchange are taken to the profit and loss account.

Leasing
Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pension costs
Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they became payable.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key area of judgement impacting these financial statements is in respect of stock provisions.

Stock provisioning
Methodology for calculation is based on usage and the model monitored on a regular basis throughout the year. Management exercise judgement on the figures produced on the calculation in order to determine an appropriate figure.

NOTES TO THE ACCOUNTS

At 31 May 2018

2. TURNOVER

Turnover comprises the value of sales (excluding VAT) of books and related products. An analysis of turnover by geographical markets is given below:

	2018	2017
	£	£
United Kingdom	2,543,325	2,874,741
Rest of Europe	561,548	640,486
Asia	757,834	1,046,605
Australia	1,459	2,191
North America	186,524	246,713
South America	157,354	214,036
Africa	213,017	204,495
	4,421,062	5,229,267

3. OPERATING LOSS

This is stated after charging:

		Note	2018	2017
			£	£
Depreciation of tangible fixed assets		8	81,126	138,519
Auditors' remuneration	- Audit services*		6,368	7,891
	- Taxation services*		2,284	1,204
Operating lease rentals	- Plant and Machinery		43,606	43,955
	- Land and Building		50,161	62,659
Foreign currency (gain)			(10,509)	(40,040)

* This represents the share on an allocated basis of the UK group fee paid centrally and recharged across all subsidiaries for this financial year.

NOTES TO THE ACCOUNTS
At 31 May 2018

4. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	480,257	483,180
Social security costs	41,425	40,835
Other pension costs	17,810	17,830
	539,492	541,846

The staff costs reported above exclude directors' emoluments paid by fellow subsidiaries. There are no prepaid or accrued pension costs as at 31 May 2018 or 31 May 2017. The employees are paid by Scholastic Limited and recharged on a cost basis.

Directors' emoluments

	2018	2017
	£	£
Emoluments (excluding pension contributions)	57,910	70,132
Pension contributions to money purchase pension schemes	3,040	4,476
	60,950	74,608
Emoluments (excluding pension contributions) of highest paid director	26,062	31,729
Contributions paid to money purchase pension schemes	1,537	1,960

The above represents the proportion of director's salary which is charged to the Company. The Directors are also directors of other companies within the group.

The average monthly number of employees during the year was made up as follows:

	2018	2017
	No.	No.
Administration	11	10
Production and warehouse	12	12
	23	22

The Company operates a defined contribution pension scheme. The Company also pays contributions to a limited number of employees' personal pension plans.

NOTES TO THE ACCOUNTS
At 31 May 2018

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Interest payable on bank overdraft	11,873	12,138
Interest payable on other loans	(3,026)	10,017
Other interest	-	33
	8,847	22,188

6. TAX
(a) Tax on loss on ordinary activities

	2018	2017
	£	£
UK Corporation Tax	-	-
Total tax (note 6b)	-	-

(b) Total tax

	2018	2017
	£	£
Loss on ordinary activities before taxation	(671,521)	(665,966)
Loss on ordinary activities multiplied by rate of corporation tax in the UK at the rate of 19% (2017: 19.83%)	(127,589)	(132,061)
Expenses not deductible for tax purposes	8,978	11,364
Decelerated capital allowances – unrecognised	7,009	17,866
Tax losses carried forward - unrecognised	111,602	102,831
Total tax (note 6a)	-	-

(c) Factors affecting tax charge

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly the Company's profits for the current accounting period are taxed at a standard rate of 19%, but by an effective rate of 19.83% in the prior year. The standard rate will fall further to 17% with effect from 1 April 2020. These rates were enacted during the current period and deferred tax balances have been stated at a rate of 17%.

NOTES TO THE ACCOUNTS
At 31 May 2018

7. INTANGIBLE ASSETS

	Goodwill £
Cost:	
At 1 June 2017	507,557
At 31 May 2018	507,557
Amortisation:	
At 1 June 2017	507,557
At 31 May 2018	507,557
Net Book Value:	
At 1 June 2017	-
At 31 May 2018	-

8. TANGIBLE FIXED ASSETS

	Freehold Buildings £	Equipment, Fixtures and Fittings £	Total £
Cost:			
At 1 June 2017	2,774,045	782,226	3,556,271
Disposals	-	(20,422)	(20,422)
At 31 May 2018	2,774,045	761,804	3,535,849
Depreciation:			
At 1 June 2017	976,208	762,319	1,738,527
Charge for year	70,934	10,191	81,125
Disposals	-	(20,422)	(20,422)
At 31 May 2018	1,047,142	752,088	1,799,230
Net Book Values:			
At 31 May 2017	1,797,837	19,907	1,817,744
At 31 May 2018	1,726,902	9,716	1,736,618

NOTES TO THE ACCOUNTS

At 31 May 2018

9. STOCKS

	2018 £	2017 £
Goods held for resale	1,668,926	1,647,372

10. DEBTORS

	2018 £	2017 £
Trade debtors	161,483	195,347
Amounts owed by group undertakings	909,745	932,142
Prepayments and accrued income	102,306	103,310
	1,173,534	1,230,799

11. CREDITORS: amounts falling due within one year

	2018 £	2017 £
Bank overdraft	25,496,973	24,840,227
Trade creditors	440,495	440,190
Amount due to group undertakings	21,733	129,490
Accruals and deferred income	197,466	192,075
	26,156,667	25,601,982

12. DEFERRED TAX

	Provided		Unprovided	
	2018 £	2017 £	2018 £	2017 £
Losses carried forward	-	-	(3,572,302)	(3,465,551)
Accelerated capital allowances			(70,059)	(63,788)
	-	-	(3,642,361)	(3,529,339)

The Company has not recognised a deferred tax asset as the Directors do not consider that they are able to forecast with any certainty that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The asset will be recognised as soon as there are taxable profits which support the recognition. The unprovided deferred tax asset is calculated using a rate of 17%.

NOTES TO THE ACCOUNTS
At 31 May 2018

13. OBLIGATIONS UNDER LEASES

Operating Leases
At 31 May 2018 the Company had no commitments (2017: nil) under non-cancellable other operating leases. Leases for plant and buildings which are used by Scholastic Book Clubs Limited are in the name of Scholastic Limited, a sister company. The costs of these leases are recharged to Scholastic Book Clubs Limited as shown in Note 3.

14. SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	539,557	539,557

15. CONTINGENT LIABILITIES

The Company has guaranteed the overdraft of its fellow subsidiary undertaking, Scholastic Limited, which has given similar guarantees in respect of certain of the Company's overdrafts. At 31 May 2018 the amount guaranteed totalled £nil (2017: £nil).

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption allowed by FRS 102 paragraph 33 not to disclose related party transactions with other wholly owned companies within the group.

Within the financial year Scholastic Book Clubs traded with the following related parties purchasing goods, Usborne Publishing 2018: £23,139 (2017: 1,500), Make Believe Ideas 2018: nil (2017: 19,562). As at the year end, there were no amounts due to these related parties (2017: nil)

Usborne Publishing
During the year, Scholastic Book Clubs Limited traded with Usborne Publishing Limited. Scholastic Australia Pty Limited, a company under common ultimate control holds a 26.25% share in Usborne Publishing Limited.

Make Believe Ideas
During the year, Scholastic Book Clubs Limited traded with Make Believe Ideas Limited, Scholastic UK Limited a company under common ultimate control holds a 48.50% share in Make Believe Ideas Limited.

17. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is Scholastic UK Limited by virtue of its holding 100% of the share capital of the Company.

The smallest and largest group to which the Company is a member and for which group accounts are drawn is Scholastic Corporation, a company incorporated in the USA.

The Company's ultimate parent undertaking and controlling party is Scholastic Corporation, which is incorporated in the USA. Copies of Scholastic Corporation's financial statements, which include the Company, are available from its registered office: 557 Broadway, New York, NY10012.

18. SUBSEQUENT EVENTS SINCE THE BALANCE SHEET DATE

On 21st July 2018, Scholastic Book Clubs Limited purchased the business of Baker Books, a company which distributes books to International Schools around the world. The company did not purchase any share capital or physical assets of the business. This business complements and enhances the International School Book Club business that Scholastic Book Clubs Limited already operates.