

BMJ Publishing Group Limited
Annual report and financial statements
for the year ended 31 December 2015

Registered Number: 3102371

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BMJ Publishing Group Limited

Annual report and financial statements for the year ended 31

December 2015

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BMJ Publishing Group Limited

Directors and advisors

Directors

Mr Joseph Lippincott III (Chairman)
Mr Timothy Brooks
Dr Fiona Godlee
Mr Patrick Spencer
Dr Justin Whatling
Dr David Berger
Dr Hamish Meldrum
Dr Kiran Patel
Mr Keith Ward
Mrs Jill Ainscough
Ms Sharmila Nebhrajani OBE

Company Secretary

Ms Siobhain Butterworth

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

NatWest
Tavistock Square Branch
PO Box 83
Tavistock House
Tavistock Square
London
WC1H 9XA

Registered Office

BMA House
Tavistock Square
London
WC1H 9JR

Registered Number

3102371

BMJ Publishing Group Limited

Strategic report for the year ended 31 December 2015

Review of business and strategy

BMJ Publishing Group Limited (BMJ), a company incorporated in the United Kingdom and its subsidiaries (together “the group”), seeks to advance healthcare by sharing knowledge and expertise to improve experiences, outcomes and value worldwide and aims to do this by stimulating and informing debate on health and healthcare as well as by creating the best evidence-based services and tools.

The group continued to make good progress towards these objectives during the year, in particular the growth of international revenues with the incorporation of a new subsidiary in China on 26th June 2015, improvement in underlying profitability and divestment of its wholly owned subsidiary Informatica Systems Limited on 30th November 2015.

The Board approve of the group’s strategic direction and will be actively participating with its development through 2016.

Principal risks and uncertainties

The key business risks and uncertainties affecting BMJ are considered to relate to global economic conditions and competition from other publishers and the company recognises the need to invest and innovate to retain its market leading position which it will continue to do in 2016.

The group also faces the risk of exchange rate fluctuations relating to overseas transactions however these are mitigated by way of forward currency contracts as shown in the notes to the financial statements. The business is not considered materially exposed to price, credit, liquidity or cash flow risk.

Key performance indicators

BMJ measures performance by reference to its profitability and its influence in the medical community. Influence is monitored by a number of measures, including readership (both online and in print), usage and article citations. The directors are pleased with the improvements BMJ has made during 2015; in particular extending its influence and presence overseas with incorporation of a new subsidiary in China and also the improvement in operating profits as a result of divestment of its wholly owned subsidiary Informatica Systems Limited in November.

By order of the Board,



Ms Siobhain Butterworth
Company Secretary

20 May 2016

BMJ Publishing Group Limited

Directors' report for the year ended 31 December 2015

The directors submit their report and the audited consolidated financial statements of the company for the year ended 31 December 2015.

Principal activities

BMJ Publishing Group Limited (BMJ) is a wholly owned subsidiary of the British Medical Association. BMJ and its subsidiaries' principal activities are the production and distribution of medical information through various media including the flagship journal TheBMJ.

Employment matters and information

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The group encourages the involvement of employees by means of regular updates on the performance of the business and a company newsletter every other month. In addition, minutes of the fortnightly senior management meetings are shared with all staff.

There are regular communications with staff on matters which concern them as employees, including presentations to all staff on the BMJ's strategy and business objectives. Where appropriate, there is consultation with a committee of staff representatives on matters that might affect staff interests.

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Further information, including matters relating to employment policies, can be found in the Annual Report of the parent company, the British Medical Association. The British Medical Association's Audit Committee is responsible for processes surrounding the identification, mitigation and control of financial risks to the BMJ Group and further disclosures on financial risk management are also made in the Annual Report of the British Medical Association.

Future developments

BMJ intends to carry on its activities during the forthcoming year, with further development and investment envisaged to continue international expansion.

Dividends

A dividend of £6,400,000 (2014: £6,400,000) was paid to the British Medical Association during the year which represented £3.20 per ordinary share.

Results

The consolidated operating profit before goodwill amortisation for the year ended 31 December 2015 is £6,035,000 (2014: £9,291,000).

The consolidated profit on ordinary activities before taxation is £2,370,000 (2014: £1,922,000).

With regard to charitable donations the group has a policy of matching charitable funds raised by employees through voluntary events and other initiatives. During the year the group made donations to registered charities namely to Changing Faces (registered number: 02710440) of £9,400, to the Stuart Lowe Trust (registered number: 1102325) of £9,400 and to Boston Children's Hospital Trust of £6,748.

BMJ Publishing Group Limited

Directors' report for the year ended 31 December 2015 (continued)

Directors

The Directors who served during the financial year 2015 and up to the date of signing the financial statements are listed below:

Mr Joseph Lippincott III (Chairman)

Mr Timothy Brooks

Dr Fiona Godlee

Mr Patrick Spencer

Dr Justin Whatling

Dr David Berger

Dr Hamish Meldrum

Dr Kiran Patel

Mr Keith Ward

Mrs Jill Ainscough

Ms Sharmila Nebhrajani OBE

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 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 and the profit or loss of the company and the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BMJ Publishing Group Limited

Directors' report for the year ended 31 December 2015 (continued)

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Qualifying third party indemnity provision

A qualifying third party indemnity provision which was in force during the financial year and also at the date of approval of the financial statements is held on behalf of the directors of BMJ Publishing Group Limited by the company's ultimate parent undertaking, the British Medical Association.

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board,



Ms Siobhain Butterworth
Company Secretary

20 May 2016

BMJ Publishing Group Limited

Independent auditors' report to the members of BMJ Publishing Group Limited for the year ended 31 December 2015

Report on the financial statements

Our opinion

In our opinion, BMJ Publishing Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and cash flows 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.

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise:

- the consolidated and company statements of financial position as at 31 December 2015;
- the consolidated income statement for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

BMJ Publishing Group Limited

Independent auditors' report to the members of BMJ Publishing Group Limited for the year ended 31 December 2015 (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

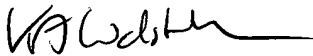
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

BMJ Publishing Group Limited

Independent auditors' report to the members of BMJ Publishing Group Limited for the year ended 31 December 2015 (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 May 2016

BMJ Publishing Group Limited

Consolidated income statement for the year ended 31 December 2015

		Continuing operations 2015	Discontinued operations 2015	Group 2015	Continuing operations 2014	Discontinued operations 2014	Group 2014
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Turnover		76,153	2,687	78,840	77,339	2,829	80,168
Cost of sales		(17,781)	(1,128)	(18,909)	(20,731)	(159)	(20,890)
Gross profit		58,372	1,559	59,931	56,608	2,670	59,278
Administrative expenses		(50,356)	(3,539)	(53,895)	(46,140)	(3,846)	(49,986)
Goodwill amortisation	12	(3,781)	-	(3,781)	(3,807)	(3,665)	(7,472)
Operating profit/(loss)	4	4,235	(1,980)	2,255	6,661	(4,841)	1,820
Analysed as:							
Operating profit/(loss) before exceptional items		4,235	(1,980)	2,255	6,661	(1,176)	5,485
Exceptional items	6	-	-	-	-	(3,665)	(3,665)
Operating profit/(loss)		4,235	(1,980)	2,255	6,661	(4,841)	1,820
Interest receivable and similar income	10	115	-	115	102	1	103
Profit/(loss) on ordinary activities before taxation		4,350	(1,980)	2,370	6,763	(4,840)	1,923
Tax on profit/(loss) on ordinary activities	11	(1,360)	(9)	(1,369)	(2,011)	78	(1,933)
Profit/(loss) for the financial year	21	2,990	(1,989)	1,001	4,752	(4,762)	(10)

The company has taken advantage of the Companies Act 2006 Section 408 provision allowing it to omit the company profit and loss account from the financial statements and show the profit and loss of the consolidated Group only.

On 30th November 2015, the company disposed of its 100% investment in Informatica Systems Limited and the results to the date of disposal are shown as discontinued operations above. All other operations relate to continuing activities.

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

Company Registered Number: 3102371

Consolidated statement of comprehensive income for the year ended 31 December 2015



	Group 2015	Group 2014
	£'000	£'000
Profit/(loss) for the financial year	1,001	(10)
Total recognised gains and losses relating to the year	1,001	(10)

BMJ Publishing Group Limited

Consolidated and company statements of financial position as at 31 December 2015

	Notes	Company		Group	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Intangible assets	12	28,694	32,460	28,862	32,643
Property, plant and equipment	13	81	101	81	106
Investments	14	932	932	-	-
		<u>29,707</u>	<u>33,493</u>	<u>28,942</u>	<u>32,749</u>
Current assets					
Inventories	15	122	137	122	137
Debtors	16	25,664	30,150	26,540	31,009
Cash at bank and in hand		8,438	8,209	8,891	9,362
		<u>34,224</u>	<u>38,495</u>	<u>35,554</u>	<u>40,508</u>
Creditors: amounts falling due within one year	17	(27,735)	(30,618)	(27,968)	(31,327)
Net current assets		<u>6,489</u>	<u>7,877</u>	<u>7,586</u>	<u>9,181</u>
Total assets less current liabilities		<u>36,196</u>	<u>41,370</u>	<u>36,528</u>	<u>41,930</u>
Provisions for liabilities		-	-	-	-
Net assets		<u>36,196</u>	<u>41,370</u>	<u>36,528</u>	<u>41,930</u>
Capital and reserves					
Called up share capital	20	2,000	2,000	2,000	2,000
Profit and loss account	21	34,196	39,370	34,528	39,930
Total shareholders' funds	22	<u>36,196</u>	<u>41,370</u>	<u>36,528</u>	<u>41,930</u>

The financial statements on pages 9 to 27 were approved by the board of directors on 20 May 2016 and were signed on its behalf by Mr J Lippincott III and Mr T Brooks.

Mr Joseph Lippincott III
(Chairman)

Mr Timothy Brooks
(Chief Executive)

BMJ Publishing Group Limited

Consolidated statement of cash flows for the year ended 31 December 2015

		2015	Group 2014
	Notes	£'000	£'000
Net cashflow from operating activities	(a)	7,451	9,487
Taxation paid		(1,671)	(1,977)
Net cash generated from operating activities		<u>5,780</u>	<u>7,510</u>
Cash flow from investing activities			
Purchase of tangible assets		34	110
Interest received		115	103
Net cash used in investing activities		<u>149</u>	<u>213</u>
Cash flow from financing activities			
Dividends paid		(6,400)	(6,400)
Net cash used in financing activities		<u>(6,400)</u>	<u>(6,400)</u>
Net Increase In cash and cash equivalentss	(b)	(470)	1,322
Cash and cash equivalents at the beginning of the year		9,362	8,040
Cash and cash equivalents at the end of the year		<u>8,892</u>	<u>9,362</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		8,892	9,362
Cash and cash equivalents		<u>8,892</u>	<u>9,362</u>
(a) Reconciliation of operating surplus to net cash inflow from operation activities:			
Profit/(loss) for the financial year		1,001	(10)
Adjustments for:			
Tax on profit on ordinary activities		1,369	1,933
Interest received		(115)	(103)
Operating surplus		<u>2,255</u>	<u>1,820</u>
Difference between pensions charged and cash contributions		(55)	-
Depreciation of tangible assets		71	79
Amortisation of intangible assets		3,781	3,807
Impairment of intangible assets		-	3,665
Loss on disposal of tangible fixed assets		(10)	(16)
Working capital movements:			
(Decrease)/increase in creditors		(2,741)	984
Decrease/(increase) in debtors		4,135	(852)
Decrease/(increase) in inventories		15	-
Net cash inflow from operating activities		<u>7,451</u>	<u>9,487</u>
(b) Reconciliation of net cash flow to movements in net funds:			
(Decrease)/increase in cash in the period		(470)	1,322
Change in net funds		<u>(470)</u>	<u>1,322</u>

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015

1 Statutory Information

BMJ Publishing Group Limited is a company incorporated in England and Wales, registration number 3102371. The registered office is BMA House, Tavistock Square, London, WC1H 9JR.

2 Compliance with accounting standards

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable to the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The following accounting policies have been applied consistently.

Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard FRS 102. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The group is also able to meet its liabilities as they fall for the twelve months from the date of the annual report. These consolidated financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014 and the financial statements are presented in Sterling (£).

Basis of consolidation

The financial statements relate to BMJ Publishing Group Limited and its subsidiary undertakings, BMJ Publishing Inc., BMJ Group India Private Limited, BMJ (Beijing) Medical Science and Technology Co. Limited and Medelect Limited. Intra-group sales and losses are eliminated on consolidation. Profits relating to Informatica Systems Limited have been included within the consolidated financial statements in accordance with FRS 102 under the heading discontinued operations, up until the divestment date of 30th November 2015.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Turnover

Income and expenditure relating to publications is accounted for in the year within which publication date falls. Income from publication subscriptions and service contracts is deemed to accrue evenly over the financial year of the subscription and service delivery respectively. The proportion of subscriptions invoiced but unearned at the balance sheet date is deferred and any income earned under service contracts is accrued. Advertising income is recognised as soon as obligations are fulfilled. Where results relate to discontinued activities, these are disclosed separately on the face of the income statement. Any income from learning events and conferences is accounted for in the financial year in which the events and conferences are held.

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

3 Accounting policies (continued)

Deferred taxation

Deferred tax 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:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

Property, plant and equipment

Items of plant and equipment, office equipment and motor vehicles costing more than £1,500 are capitalised and are stated at cost less accumulated depreciation and any accumulated impairment losses, except for laptop computers which are capitalised even if they cost less than £1,500.

Goodwill and amortisation

Goodwill represents the excess of the cost of an acquisition over the fair value of the acquired company's net assets at acquisition date. Goodwill is capitalised in the group balance sheet and amortised in equal instalments over its useful economic life which is estimated to be 20 years.

The company evaluates the carrying value of goodwill in each financial year if a trigger of impairment has occurred to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Depreciation and amortisation

Depreciation is calculated on a straight line basis to write off cost less residual value over the expected useful life of fixed assets. Useful lives vary according to asset category:

Motor vehicles	4 years
Office equipment	3 years
Plant and equipment	5 years

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment.

Impairment reviews are performed by the directors when there has been an indication of potential impairment. All investments in subsidiary undertakings are taken at the carrying value under UK GAAP at the date of transition to FRS 102.

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

3 Accounting policies (continued)

Foreign currencies

The company holds certain monetary assets and liabilities in foreign currencies. These have been converted at the year end exchange rate. All exchange differences are taken to the profit and loss account.

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries are translated at the average rates of exchange. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of these companies at closing rate, are taken to reserves and are reported in the statement of total recognised gains and losses. Other transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date and exchange differences are included in operating profit.

Financial instruments

The group uses derivative financial instruments to hedge its exposures to fluctuations in foreign exchange rates however hedge accounting is not being applied. Sales made in foreign currencies are recognised in the profit and loss account at the exchange rate ruling at the date of the transaction. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit and loss in finance costs or income as appropriate.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

The company, as a subsidiary of British Medical Association, has taken advantage of the multi-employer exemption provided by FRS 102 and accounted for the pension scheme as if it were a defined contribution scheme. This is because the group is unable to identify its share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. The available information relating to the scheme has been disclosed in these financial statements. All other pension costs for defined contributions were taken to profit and loss in the financial year in which they incurred.

Defined benefit scheme assets are measured using market value. Liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. If the pension were recognised in the financial statements the increase in the present value of the liabilities expected to arise from employee service in the financial year would be charged to operating profit. The expected return on the assets and the increase during the financial year in the present value of the liabilities arising from the passage of time would be included in other finance income. Actuarial gains and losses would be recognised in the consolidated statement of total recognised gains and losses.

Special contributions which are made over and above the normal annual recurring contributions which are included within administration expenses are treated as a charge in the year in which the contribution is paid and are shown separately on the face of the profit and loss account for transparency.

Inventories

Inventories comprise of paper only and are stated at the lower of cost on a FIFO (first in first out) basis or net realisable value.

Operating leases

Costs associated with ongoing operating leases are accounted for within the year to which they relate.

Exceptional costs

Costs incurred during the period which are classified as exceptional in the notes and on the face of the profit and loss account are those which are material in nature and derive from events or transactions that do not fall within the ordinary activities of the company and which are individually or in aggregate, of such size or incidence to require specific disclosure.

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

3 Accounting policies (continued)

Critical accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's and the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provisions are made for doubtful debts at the end of each financial year. This requires management to consider the recoverability of debtor balances and with regard to those deemed to be doubtful in nature to estimate the risk of doubtful debts becoming irrecoverable based on existing knowledge and past experience.

4 Operating profit

	2015	Group 2014
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	71	79
Amortisation of intangible assets	3,781	3,807
Impairment of goodwill	-	3,665
Operating lease costs	164	91
Auditors' fees - for audit of financial statements of BMJ	50	45
- for audit of financial statements of subsidiaries	11	9
- other services relating to tax advisory services	25	45
- other services relating to tax compliance services	12	12

In addition, during the year the group incurred restructuring costs resulting from the disposal of Informatica Systems Limited which were included within administrative expenses under discontinued operations.

5 Directors' emoluments

	2015	Group 2014
	£'000	£'000
Aggregate emoluments (excluding pension)	1,037	1,128
Aggregate pension - defined contribution scheme	67	133

Retirement benefits are accruing for three of the directors (2014: three).

Highest paid director	2015	Group 2014
	£'000	£'000
Total amount of emoluments and amounts receivable under long-term incentive plans	352	312
Aggregate pension - defined contribution scheme	20	42

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

6 Exceptional items

	2015	Group 2014
	£'000	£'000
Exceptional items consist of:		
Impairment of goodwill	-	(3,665)
	-	(3,665)

Impairment of goodwill

As at 31 December 2014, management identified that the carrying value of goodwill that was created within Informatica Systems Limited upon acquisition of the company by BMJ Publishing Group Limited was fully impaired. Management therefore adjusted the carrying value accordingly. Also on 30th November 2015, BMJ Publishing Group Limited disposed of its 100% investment in Informatica Systems Limited.

7 Employee information

The average monthly full time equivalent (FTE) number of persons (including executive directors) active within the company during the year is shown below. Staff members are employed by the British Medical Association and the costs shown below represent the amounts recharged by the British Medical Association to BMJ.

Employee numbers by activity

	2015 Number	2014 Number
Editorial	234	247
Sales	110	129
Operations	90	78
Administration	31	25
	465	479

8 Employee costs

The aggregate cost of employees, including the directors was as follows:

	2015	Group 2014
	£'000	£'000
Wages and salaries	26,192	26,148
Social security costs	2,504	2,446
Other pension costs	2,572	3,007
Total staff costs for year	31,268	31,601

Some of the BMJ Publishing Group Limited staff participates in a defined benefit scheme called the BMA Staff Pension Scheme. Pension costs are charged to the profit and loss account on an accruals basis as the company applies the multi-employer exemption as set out in the accounting policies.

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

9 Pension commitments

The British Medical Association ("Association") has applied FRS102 and the following disclosures relate to this standard.

The Association operates a defined benefit scheme called the BMA Staff Pension Scheme (the "Scheme") that pays out pensions at retirement based on service and final pay. The scheme operates under UK trust law and the trust is a separate legal entity from the Association. The assets of the Scheme are held separately from those of the Association, being invested in trustee administered funds, mainly through investment management agreements with specialist Fund Managers. Pension costs are charged to the income and expenditure account so as to spread the cost of the defined benefit scheme over the employees' period of employment with the Association, based on the advice of an independent qualified actuary using the projected unit method.

The most recent formal actuarial valuation of the Scheme was at 31 March 2012 and at this date there were 351 contributing members in the Scheme. The principal financial assumptions used in that valuation were that the rate of return on investments before retirement would exceed future salary increases by 2.45% per annum and that long-term RPI inflation would be 3.2% per annum. The majority of the pensions in the Scheme, in excess of Guaranteed Minimum Pension (GMP), increase in payment in line with RPI inflation. Other pensions, in excess of GMP, increase in payment in line with RPI subject to a maximum of 5% each year. The actuarial valuation assumed that present and future pensions would increase at a rate of 3.2% per annum, and pensions with capped increases would increase at 3.1% pa. The market value of the assets at 31 March 2012 was £213 million, and the value of the assets represented 85% of the value of benefits that had accrued to members, after allowing for future increases in earnings.

The next formal valuation is in progress with an effective date of 31 March 2015. Initial information was available at the balance sheet date based on updated membership information as at 31 March 2015. This updated membership information has been used within the calculations, and has resulted in an experience loss of £5.7 million during the year.

The actual return on assets over the year to 31 December 2015 was a gain of £21.3 million.

The Association expects to make nil contributions to the Scheme in the next financial year.

Principal actuarial assumptions:

Future pension increases

- increasing in line with RPI
- increasing in line with RPI subject to a maximum of 5%

Discount rate

RPI inflation

CPI inflation

The life expectancy for mortality tables used to determine benefit obligations at:

Male member age 65 (current life expectancy)

Male member age 40 (life expectancy at age 65)

Female member age 65 (current life expectancy)

Female member age 40 (life expectancy at age 65)

	Value at 31 December	
	£000	£000
	2015	2014
Equities	145,615	176,387
Index Linked Government Bonds	59,977	79,471
Fixed Interest Government bonds	1,783	-
Corporate Bonds	71,288	20,837
Property	30,860	29,860
Liability Driven Investment (LDI)	5,806	-
Hedge Funds	1,706	-
Other	4,567	1,588
Fair value of scheme assets	321,602	308,144
Present value of funded obligations	(310,065)	(300,225)
Scheme surplus / (deficit)	11,537	7,919
Adj relating to asset ceilings and minimum funding requirements	(11,537)	(7,919)
Net defined benefit asset/(liability) before deferred tax	-	-

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

9 Pension commitments (continued)

The movement in the fair value of scheme assets during the year was as follows:

	2015	2014
	£000	£000
Fair value of scheme assets at 1 January	308,144	292,181
Interest income on scheme assets	10,959	14,980
Actuarial gain/(loss)	10,364	4,337
Employer contributions	165	3,561
Members' contributions	-	748
Benefits paid from scheme	(7,638)	(7,593)
Scheme administration expenses	(392)	n/a
Premiums paid	-	(70)
Fair value of scheme assets at 31 December	321,602	308,144

The movement in the present value of defined benefit obligation during the year was as follows:

	2015	2014
	£000	£000
Defined benefit obligation at 1 January	300,225	283,858
Current service cost	-	3,973
Interest cost	10,671	11,748
Members' contributions	-	748
Actuarial (gain)/loss due to change in assumptions	1,134	29,496
Actuarial (gain)/loss due to experience	5,673	-
Curtailment (gain)/loss	-	(21,935)
Benefits paid from scheme	(7,638)	(7,593)
Premiums paid	-	(70)
Defined benefit obligation at 31 December	310,065	300,225

The amounts recognised in profit or loss are as follows:

	2015	2014
	£000	£000
Current service cost	-	(3,973)
Net interest income	-	3,232
Curtailment gain/(loss)	-	(7,067)
Scheme administration expenses	(392)	n/a
	(392)	(7,808)

Analysis of amount recognised in Other Comprehensive Income (OCI):

	2015	2014
	£000	£000
Return on assets, excluding interest income	10,364	4,337
Experience (losses) gains on liabilities	(5,673)	-
Actuarial (losses) gains arising from changes in assumptions	(1,134)	(29,496)
Gain/(Loss) due to the asset ceiling	(3,330)	21,083
Total gain/(loss) recognised in the OCI at 31 December 2015	227	(4,076)

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

10 Interest receivable and similar income

	2015 £'000	Group 2014 £'000
Bank interest receivable	115	103

11 Tax on profit on ordinary activities

The current tax charge in the financial statements reconciles to the UK rate of 20.25% (2014: 21.49%).

	2015 £'000	Group 2014 £'000
Tax on profit on ordinary activities		
United Kingdom corporation tax charge at 20.25% (2014: 21.49%)	872	1,645
Adjustments in respect of prior years	52	(106)
Foreign tax	111	91
Total current tax	1,035	1,630
Deferred tax		
Origination/reversal of timing differences	369	218
Adjustment in respect of prior years	(52)	100
Changes in tax rates or laws	17	(16)
Total deferred tax	334	303
Tax on profit of ordinary activities	1,369	1,933

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

11 Tax on profit on ordinary activities (continued)

Factors affecting tax charge for financial year

The tax assessed for the financial year is 20.25% of corporation tax in the UK (2014: 21.49%) and the differences are explained below.

A reduction in the UK corporation tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 has been substantively enacted together with a further reduction in the UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. Profits for this accounting period are taxed at an effective rate of 20.25%.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief and or UK tax legislation.

	2015	Group 2014
	£'000	£'000
Profit on ordinary activities before taxation	2,370	1,922
Profit on ordinary activities multiplied by standard rate of corporation tax of 20.25% (2014: 21.49%)	480	413
Effects of:		
Items not chargeable for tax purposes	55	9
Goodwill amortisation	765	812
Capital allowances for year in excess of depreciation	-	(3)
Impairment of goodwill	-	701
Adjustments in respect of prior years	(1)	(2)
Irrecoverable ACT	22	17
Other adjustments	17	(15)
Total tax charge for year	1,338	1,933

Deferred tax provided in the financial statements as follows:

	Company & Group 2015	2014
	£'000	£'000
Accelerated capital allowances	35	48
Short term timing differences	111	112
Pensions	50	369
	196	529
Deferred tax asset at 1 January	529	831
Profit and loss account	(334)	(201)
Adjustments in respect of prior years (including Rate changes)	-	(100)
Rounding differences	-	(1)
Deferred tax asset at 31 December	195	529
Amounts estimated to be reversed within 12 months	171	334
Amounts estimated to be reversed after 12 months	24	195
Deferred tax asset at 31 December	195	529

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

12 Intangible assets

Goodwill	Company £'000	Group £'000
Cost:		
At 1 January 2015	74,932	85,160
At 31 December 2015	74,932	85,160
Accumulated amortisation:		
At 1 January 2015	(42,471)	(52,517)
Charge for the year	(3,766)	(3,781)
At 31 December 2015	(46,238)	(56,298)
Net book value at 31 December 2015	28,694	28,862
Net book value at 31 December 2014	32,460	32,643

13 Property, plant and equipment

	Motor vehicles £'000	Office equipment £'000	Plant and equipment £'000	Company & Group £'000
Cost				
At 1 January 2015	78	456	21	555
Additions	-	34	-	34
Disposals	(14)	-	-	(14)
At 31 December 2015	64	491	21	575
Accumulated depreciation				
At 1 January 2015	57	361	21	438
Charge for the year	12	58	(0)	70
Disposals	(14)	-	-	(14)
At 31 December 2015	55	420	21	494
Net book amount				
At 31 December 2015	9	71	-	81
At 31 December 2014	21	95	-	116

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

14 Investments

The company owns 100% of the ordinary share capital of BMJ Publishing Inc. a US company registered in California, USA. The share capital is \$100. It commenced trade in 1998 and its principal activities are marketing and sales.

The company owns 100% of the ordinary share capital of Medelect Limited which was dormant during the year.

The company owns 99% of the ordinary share capital of BMJ Group India Private Limited, a company incorporated in India.

The company also owns 100% of the ordinary share capital of BMJ (Beijing) Medical Science and Technology Co. Limited, a company incorporated in China on 26th June 2015.

On 30th November 2015, the company disposed of its 100% investment in Informatica Systems Limited, a provider of performance management software tools for the primary and secondary care sectors. The subsidiary incurred a loss of £1,989,000 in 2015 (2014: loss of £4,762,000 including goodwill impairment, see Note 4) which has been disclosed as discontinued operations within the Group's consolidated income statement above.

	2015 £'000	Company 2014 £'000
Shares in group undertakings		
At 1 January	932	4,192
Impairment	-	(3,260)
As at 31 December	932	932

During 2014, management identified an impairment of BMJ Publishing Group Limited's investment in its wholly owned subsidiary Informatica Systems Limited which it acquired in 2011 and the carrying value of that investment was adjusted accordingly.

The directors believe that the carrying value of the investments is supported by their underlying net assets and anticipated future cash flows.

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and effective percentage of ownership has been disclosed above within this note.

15 Inventories

	Company		Group	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Raw materials and consumables	122	137	122	137

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

16 Debtors

	Company		Group	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	13,041	14,453	13,016	14,815
Amounts owed by group undertakings	7,503	11,137	8,246	11,389
Other debtors	390	504	512	706
Deferred tax	195	520	195	529
Derivative financial instruments	-	190	-	190
Prepayments and accrued income	4,534	3,346	4,571	3,381
	25,664	30,150	26,540	31,009

17 Creditors – amounts falling due within one year

	Company		Group	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade creditors	1,576	1,635	1,576	1,669
Amounts owed to group undertakings	-	1,109	-	-
Corporation tax	150	742	147	768
Other taxation and social security	-	260	-	260
Other creditors	215	894	206	1,187
Derivative financial instruments	376	429	376	429
Accruals and deferred income	25,417	25,549	25,660	27,014
	27,735	30,618	27,965	31,327

Included within accruals is an amount of £263,000 (2014: £264,000) attributable to staff holiday accrued but not yet taken as at the balance sheet date.

18 Operating Leases

The group has the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2015	2014
	£'000	£'000
Within one year	168	164
In more than one year, but not more than five years	645	681
Greater than five years	400	533
	1,214	1,378

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

19 Financial instruments

The group enters into forward currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2015, the following outstanding contracts mature within three months (2014: ten months) of the year end.

The group had outstanding forward transactions to hedge foreign currencies as follows:

	2015	2014
Maturing within one year:		
- to hedge future revenues in US Dollars	US \$12.0m	US \$10.0m
- to hedge future revenues in Euros		- EUR €2.5m

The forward currency contracts are measured at fair value, which is determined using valuation techniques that use observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR.

The fair value of the forward-foreign currency contracts at 31 December 2015 was as follows:

	Company and Group	
	2015	2014
	£'000	£'000
Financial assets measured at fair value		
- Derivative financial instruments	-	190
	-	190
Financial liabilities measured at fair value		
- Derivative financial instruments	(376)	(429)
	(376)	(429)
As at 31 December	(376)	(239)

20 Called up share capital

	Company		Group	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Authorised				
2,000,000 ordinary shares of £1 each (2014: 2,000,000)	2,000	2,000	2,000	2,000
Allotted and fully paid				
2,000,000 ordinary shares of £1 each (2014: 2,000,000)	2,000	2,000	2,000	2,000

21 Profit and loss account

	Company	Group
	£'000	£'000
At 1 January 2015	39,370	39,930
Profit for the financial year	1,228	1,001
Dividend paid	(6,400)	(6,400)
At 31 December 2015	34,196	34,531

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

22 Reconciliation of movements in shareholders' funds

	Company		Group	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Total shareholders' funds at 1 January	41,370	48,664	41,930	48,340
Profit/(loss) for the financial year	1,228	(894)	1,001	(10)
Dividend paid	(6,400)	(6,400)	(6,400)	(6,400)
Total shareholders' funds at 31 December	36,196	41,370	36,531	41,930

A dividend of £6,400,000 (2014: £6,400,000) was paid to the British Medical Association during the year which represented £3.20 per ordinary share.

23 Transition to FRS 102

This is the first year that the Group and Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit and equity between UK GAAP as previously reported and FRS 102.

Profit & Loss Account

		Group	
		Year ended 31 Dec 2014	FRS 102 (as restated)
	Notes	Effect of transition	£'000
		£'000	£'000
Turnover		80,168	80,168
Cost of sales		(20,890)	(20,890)
Gross profit		59,278	59,278
Administrative expenses	(b), (c)	(49,922)	(49,987)
Goodwill amortisation		(7,472)	(7,472)
Net operating expenses		(57,394)	(57,459)
Operating profit		1,884	1,820
Analysed as:			
Operating profit before exceptional items		5,549	5,485
Exceptional items		(3,665)	(3,665)
Operating profit		1,884	1,820
Interest receivable and similar income		103	103
Profit on ordinary activities before taxation		1,987	1,922
Tax on profit on ordinary activities		(1,945)	(1,933)
Profit/(loss) for the financial year		42	(10)

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

23 Transition to FRS 102 (continued)

Balance Sheet		Company			Group		
		As previously stated £'000	At 31 December 2014 Effect of transition £'000	FRS 102 (as restated) £'000	As previously stated £'000	At 31 December 2014 Effect of transition £'000	FRS 102 (as restated) £'000
	Notes						
Fixed assets							
Intangible assets	(a)	32,460	-	32,460	32,643	-	32,643
Property, plant and equipment		101	-	101	106	-	106
Financial assets		932	-	932	-	-	-
		33,493	-	33,493	32,749	-	32,749
Current assets							
Inventories		137	-	137	137	-	137
Debtors	(b)	29,938	212	30,150	30,798	212	31,009
Cash at bank and in hand		8,209	-	8,209	9,362	-	9,362
		38,284	212	38,496	40,297	212	40,508
Creditors: amounts falling due within one year	(c)	(30,387)	(231)	(30,618)	(31,063)	(264)	(31,327)
Net current assets		7,897	(20)	7,877	9,234	(52)	9,181
Total assets less current liabilities		41,390	(20)	41,370	41,983	(52)	41,930
Provisions for liabilities		-	-	-	-	-	-
Net assets		41,390	(20)	41,370	41,983	(52)	41,930
Capital and reserves							
Called up share capital		2,000	-	2,000	2,000	-	2,000
Profit and loss account		39,390	(20)	39,370	39,983	(52)	39,930
Total shareholders' funds		41,390	(20)	41,370	41,983	(52)	41,930

(a) Goodwill

The group's accounting policy with regard to goodwill and amortisation remains unchanged with the useful economic life estimated to be 20 years.

(b) Financial instruments

The group was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in profit or loss on settlement.

Under FRS 102, derivative financial instruments are classified as other financial instruments and are recognised as a financial asset or a financial liability, at fair value, when an entity becomes party to the contractual provisions of the instrument.

On the adoption of the requirements of FRS 102, financial assets of £199,000 have been recognised on the company and group balance sheets at 31 December 2014, being the fair values of the derivative financial instruments.

(c) Short-term compensated absences

Prior to the adoption of FRS 102, the group did not make provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement.

Consequently the group made an additional accrual of £264,000 (Company: £231,000) at 31 December 2014 to reflect this. The group's provision at 31 December 2015 had reduced to £263,000 (Company: £230,000) and the decrease in provision has been released to the profit and loss in the year ended 31 December 2015.

BMJ Publishing Group Limited

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

23 Transition to FRS 102 (continued)

Statement of changes in equity

	As previously stated £'000	Effect of transition £'000	Company 2014 FRS 102 (as restated) £'000	As previously stated £'000	Effect of transition £'000	Group 2014 FRS 102 (as restated) £'000
Balance as at 1 January 2014	41,390	-	41,390	41,983	-	41,983
Recognition of derivative financial instruments	-	212	212	-	212	212
Short term compensated absences	-	(231)	(231)	-	(264)	(264)
Balance as at 31 December 2014	41,390	(20)	41,370	41,983	(52)	41,930

24 Other related party disclosures

The group is a wholly owned subsidiary of the British Medical Association and is exempt from disclosing related party transactions with companies that are wholly owned by the group.

25 Ultimate parent undertaking and controlling party

The group's immediate and ultimate parent undertaking which is also its ultimate controlling party at 31 December 2015 was the British Medical Association which is registered in England and Wales. BMJ and its subsidiaries have been included in the consolidated financial statements of the British Medical Association (BMA). Copies of the consolidated financial statements are available from the British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.